

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

*FISCAL YEAR ENDED JUNE 30, 2001*



## **TOWN OF WARRENTON, VIRGINIA**



# ***TOWN OF WARRENTON, VIRGINIA***

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## **Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2001**

**FRANCES K. HATCHER, FINANCE DIRECTOR**



# Town of Warrenton, Virginia

## Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2001

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# Town of Warrenton, Virginia

## Principal Town Officials

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Town Council		
John E. Mann, Sr.	George B. Fitch, Mayor	Robert L. Walker
Robert W. Rice	John S. Lewis, Vice Mayor	Samuel B. Tarr
Frank S. Foley		David A. Norden
Town Manager		
John A. Anzivino		
Town Attorney		
Henry C. Day Robin C. Gulick, Assistant Town Attorney		
Officials		
Town Recorder . . . . . Evelyn J. Weimer		
Finance/Personnel Director . . . . . Frances K. Hatcher		
Planning/Zoning Director . . . . . Raymond P. Ocel, Jr.		
Chief of Police . . . . . Roger L. Paul		
Public Works/Utilities Director . . . . . Edward B. Tucker, Jr.		
Economic Development Director . . . . . Patricia J. Meagher		





# TOWN OF WARRENTON

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September 19, 2001

To the Citizens of The Town of Warrenton:

The comprehensive annual financial report of the Town of Warrenton for the fiscal year ended June 30, 2001, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the Town of Warrenton issue annually a report on its financial position and activity, and that an independent firm of Certified Public Accountants audit this report. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Town. To the best of our knowledge and belief, the enclosed data are accurate in all material aspects and are reported in a manner that presents fairly the financial position and results of operations of the various funds and account groups and component units of the Town. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and compliance. The introductory section, which is unaudited, includes this transmittal letter, the Town's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the auditor's report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi year basis.

The financial reporting entity (the government) includes all funds and account groups of the Town as well as its component units. Component units are legally separate entities for which the primary government is financially accountable. The Town of Warrenton provides a full range of services to its citizens including police protection; sanitation and recycling services; and the construction and maintenance of highways, streets, and infrastructure. In addition, the Town contributes to cultural events and recreational activities. The Town also operates utilities (water and sewage) and provides planning and community development services for its 6,670 citizens. Blended component units, although legally separate entities, are in substance, part of the primary government's operations and are included as part of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government. However, the Town has no component units.

## Economic Condition and Outlook

The Town of Warrenton, which was included as part of the Metropolitan Washington statistical area in 1991, continues to experience moderate and well planned growth, most of which can be attributed to people seeking a high quality, small town environment with lower taxes and an escape from the rapid paced lifestyles of the more urban areas to the north and east. As an indicator of this growth, according to recent data obtained from the U.S. Bureau of the Census, Warrenton has grown almost 40 percent since 1990.

The trend established in the 1980s and the attendant growth, which has continued over the last ten years, is changing the face of the Town to that of a more transient, commuter-oriented community and has led to a recognition that Warrenton is a growing market with new opportunities for businesses. As a result, numerous small businesses have either located in, or are continually searching for, suitable sites in the community and business growth continues at a steady pace. In addition, existing businesses are expanding to meet the needs of their new customers.

Also with the new growth and the generally positive economic conditions which accompany it, the outlook for the Town continues to be upbeat and continues to out perform the economy of the state and nation. The Town remains the primary commercial and service area of Fauquier County, and because of steady population growth in and around Warrenton, the Town has continued to see several commercial and industrial areas develop which have led to an increased tax base for the community with additional employment opportunities for the citizens of the Town of Warrenton. The combination of these factors has allowed the Town Council an opportunity to decrease several tax rates for six consecutive years while maintaining services at their pre-tax decrease level.

While the population and growth changes in the Town have had positive economic consequences over the last decade, the Town has also worked hard to add adequate infrastructure and maintain it while at the same time developing efficiencies in service and providing the high quality of service that the Town's citizens have come to expect. A brief comparison of changes over the last ten years follows:

Description	1990	2000
Population <sup>1</sup>	4,830	6,760
Area in square miles	3.3	4.25
Population Density, persons per sq. mile	1,464	1,590
Road lane miles maintained	57.8	80.22
Equipment for snow removal (dump trucks, pickups, grader backhoe)	11	12
Number of Street lights	527	633
Miles of storm sewer	10.54	14.38
Number of households	2,204	2,868
Recycling collection, tons	834	1,912
Recycling rate	19%	42%
Refuse collection, tons	3,503	3,153
Traffic signals	4	5
Pedestrian signals	0	4
Equipment	95	122
Water produced, avg. daily gallons	879,853	1,083,306
Sewage treated, avg. daily gallons	1,170,015	1,009,654
Number of water customers	2,634	3,319
Miles of water line maintained	60	73.28
Miles of sewer lines maintained	47	60.15
Number of taxable real estate parcels	2,696	3,231
Value of taxable real estate parcels	\$ 391,114,600	\$ 513,690,120
Number of non-taxable real estate parcels	112	184
Value of non-taxable real estate parcels	\$ 80,997,058	\$ 139,851,800

<sup>1</sup>1990 U.S. Census; 2000 estimate generated by Department of Planning and Community Development.

During the past year, the Town has completed several public works related projects. These include construction of two new parking lots, creating 122 new long-term spaces, in the Old Town area, elimination of a storm drainage problem and construction of a sidewalk along Alexandria Pike and Blackwell Road, initiation of planning and design to upgrade the heavily traveled Blackwell Road/Lee Highway intersection and initiation of the long awaited Main Street Improvement Project.

Also, during the last year the Town has continued to work on revising its Comprehensive Plan, identified and purchased a site for a new public safety building and completed an upgrade to the Town's website which allows for citizens to pay tax and utility bills, apply for permits and interact more easily with all levels of Town government.

As previously noted, during the past year residential growth has accelerated in Warrenton spurred on by a growing population in the Northern Virginia area, the Town's availability of utilities and the revival of several residential projects planned many years ago which laid dormant due to insufficient demand. The Town now has over a thousand single family lots approved which, if market demands remain steady, could result in even greater growth in the community over the next five years. The number of lots, however, has been reduced in total number through adept negotiations by Council with several developers which, overall, have resulted in better projects for the community.

Because of these factors, the Town's location, and its positive economic climate, both Fauquier County and the Town of Warrenton have an unemployment rate of 1.1%, which continues to be below the State and National average of 2.9% and 4.7% respectively.

Steady growth is anticipated for the Town over the next several years due to a generally positive economic climate and the growth of Northern Virginia in general. The Town Council, worked with the Board of Supervisors and has completed a boundary adjustment which will adjust a small parcel of property of approximately 20 acres, including a Wal-Mart store, into the Town in 2001 continuing expansion of the Town's economic base.

#### For the Year

The Town of Warrenton, in Fiscal Year 2001, continued to operate and refine major programs to meet the increasing numbers of citizens' needs for service, to promote efficiency in its operations and to safeguard the environment in conformance with all applicable federal and state standards. Many of the Town's programs resulted in major projects and accomplishments for the community and the Town continues to be recognized by the Government Finance Officers' Association (GFOA) for the Town's Finance and Personnel Department's preparation of the Town's budget. In addition, the Town prepared and completed the Town's audit, which is also recognized by GFOA, a recognition which indicates that both the budget and audit are presented in an easily readable fashion which is a benefit to the community's citizens in understanding where their tax dollars are spent. During FY 2001 the Town launched a new and improved interactive website that allows citizens to pay utility and tax bills, apply for permits and licenses and more easily access the governing body and appointed officials in the community.

During fiscal year 2001, the Department of Planning and Community Development continued to work diligently in review of several development plans. As noted earlier, the Town's Comprehensive Plan is in the process of complete revision, which will better reflect the desires and needs of the citizens over the next five to twenty years for the community.

The Public Works Department continued to work on planning, designing and constructing a substantial number of small maintenance and large capital projects to meet the needs of the community and to correct problems.

The Town's refuse collection operation of the Public Works Department also continued their efforts to provide service to numerous businesses and residents throughout the community while promoting recycling. During the course of the year the Town Public Works Department also continued an aggressive street repaving program, repaving Old Waterloo Road, Alexandria Pike, Warren Court, Aviary Court, Beach Street, Fairfax Street, Fishback Court, Fisher Lane, Warrenton Boulevard, Frazier Road and Legion Drive, utilizing over 4100 tons of asphalt. The superior condition of the Town streets once again has generated compliments from the Virginia Department of Transportation during their annual inventory inspection for maintenance payments and generally high marks from citizens who were surveyed via a customer service survey.

The Public Works Department also continued to make repairs and improvements along major pedestrian corridors within the community, completing construction of a sidewalk along Old Alexandria Pike. In addition, the Public Works Department, in an attempt to better maintain asphalt over the long term, has initiated an aggressive preventive maintenance program with lease of hot crack sealing equipment and the application of 4,000 pounds of crack sealing material to the streets in an attempt to be proactive in reducing pothole production.

The Town's Police Department has regained its stability over the last fiscal year due to a new chief settling in and spending a considerable amount of time working on issues relative to morale, training, etc. The Department continues to function well even with a growing number of calls for service, citizens and businesses, while maintaining the staffing level at 21 officers (the same at 1996). Over the past year, the Department has initiated an assigned vehicle program which allows officers to take police vehicles home if they reside within the corporate limits and requires other officers, who do not live in Town, to park their vehicles at local businesses - thus serving as a deterrent to crime with individuals unfamiliar with the area. Officers in the Department have also been actively involved in providing assistance in design of a new public safety facility which will be built along Shirley Avenue which also will be the Town's first permanent location for public safety functions in its history. The Department has continued to work on better developing the community policing concept and has participated in numerous civic events, while reactivating several neighborhood watch groups within the Town.

The Town's Utility Department remained active in FY 2001 and continued to provide high quality drinking water, properly treated wastewater and well maintained infrastructure to over 3300 customer accounts. The utility system's infrastructure saw continued improvements with 3,685 lineal feet of substandard and outdated waterline replaced and 5,499 lineal feet of sanitary sewer lines treated to prevent continued infiltration/inflow. This has led to significant reductions in water loss and reductions in infiltration/inflow which have resulted in the Town treating less sewage, on average in FY 2001, than ten years ago.

The Department has also initiated a roof replacement program for several buildings at the water and wastewater plants and has continued efforts to deal with the wastewater treatment plant and its odors, as building continues around it.

The Meter Reading Section of the Department also had a good year and continued to replace older manually-read meters with new "touchless" read meters, replacing 250 of the older meters over the past year. The new meters allow for the same number of personnel to read an increasing number of accounts (628 since 1990), while improving accuracy. It is anticipated that the replacement process will be completed in FY 2007.

The Town of Warrenton's Economic Development Department continues to work with a larger number of prospective and existing businesses and their plans for expansion as well as special events and tourism related activities. During the year, the Department also helped develop a Small Business Development Center at Lord Fairfax Community College, worked with two local businesses to conclude the sale of three lots in the Town's business park, developed numerous advertising pieces promoting the benefits of locating in, or visiting, the Town and helped with various tourism related activities such as the Mosby House, the 175<sup>th</sup> anniversary of the visit of Lafayette to Warrenton and the Bike Virginia program. The Department staff was also involved in assisting the Fauquier Technology Alliance and worked closely with the Rappahannock/Rapidan Regional Partnership, which promotes economic development opportunities throughout the region.

#### In the Future.

The future of the Town of Warrenton continues to be guided by its Comprehensive Plan which continues to be updated and is progressing toward the public hearing stage by the Planning Commission for presentation to the Town Council and the community's citizens. With appropriate citizen participation, both from a citizens' advisory group and through the public hearing process, it is anticipated that the scope of the plan will be expanded as well as the period of time which it covers.

With the continued pressure of growth on the community, the Town staff continues to work to accurately review the permit applications for land use changes and development which are occurring in the Town. The Town continues to emphasize this effort in that only quality development will reflect Warrenton's current position and allow the community to retain its current high standards. In the coming years it is expected that the Town will begin to move through a maturation process and that infill development will be the norm as opposed to the unexpected and that the Town will maximize its population growth. The Town continues to work to expand information provided to citizens and visitors on its website and is working diligently to make available to all citizens information about the Town as well as initiating a process to ensure that interaction with government can be carried on more easily through use of the Internet.

#### Department Focus.

This year the Town of Warrenton will highlight the Town's Utilities Department as part of its departmental focus.

The Utilities Department currently consists of 23 full-time employees who are responsible for producing potable water, maintaining distribution and collection lines, treating wastewater and installing, maintaining and reading meters which gauge consumption by the Town's customers.

The Department's administrative costs are shared by several General Fund activities of a parallel nature - thus ensuring activities such as purchasing, personnel, etc. are not solely borne by one budget and are fairly distributed. Day-to-day operations of the Department are overseen by a Public Utilities Director, who also oversees the Town's public works operation. This has led to closer coordination of the two Departments and their activities and has resulted in better economies of scale, via the sharing of equipment and personnel when needed.

During the year the Department continued its stellar record of water production and sewage treatment, experiencing only one permit violation over the last twenty-five months. At the same time, efficiencies in the operation increased as water loss was reduced from 25 to 20 percent (with a goal of 15 percent) and average daily sewage treatment figures showed that less sewage was treated on an average daily basis in FY 2001 than in FY 1990.

At the same time, the Department maintained its excellent record of public service, obtaining a level of 96 percent satisfaction in the Department's annual citizen survey. The Department continues to look to the future and is continuing its aggressive program of repairs and maintenance as an effort to fire up capacity for an ever expanding residential and commercial/industrial population.

This has been accomplished by an aggressive leak protection program in the water distribution system and an even more aggressive system of detection of infiltration/inflow into the Town's sewer system. In both areas the Town has identified prospective problem areas using computer aided devices, developed a program of repair and replacement and has significantly reduced the impacts upon the system. In the area of wastewater this has been done utilizing trenchless technology for the most part, which has reduced impacts on street repairs and inconveniences for citizens. In addition, the Department continues to repair, replace and restore other components of the system on a scheduled basis - thus reducing major problems in operations and spreading costs out over the years.

#### FINANCIAL INFORMATION

Management of the Town is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of the financial statements in conformity with generally accepted accounting principles. The Town continually assesses its internal control structure to provide reasonable, but not absolute, assurance that these objectives are met and that costs of these controls do not exceed the benefits derived from them.

Budgeting Controls. The Town maintains budget controls and the objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Town Council. All funds, except the fiduciary funds, are included in the annual appropriated budget. The five-year capital improvements plan is adopted as part of the budgetary process.

As demonstrated by the statements and schedules included in the financial section of this report, the Town continues to meet its responsibility for sound financial management.

General Government Functions. The following schedule presents a summary of the general fund and special revenue fund revenues for the fiscal year ended June 30, 2001 and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2000</u>	<u>Percent Increase (Decrease)</u>
Taxes . . . . .	\$ 5,402,370	63.01%	\$ 389,877	7.22%
Intergovernmental . . . . .	1,276,329	14.89%	98,259	7.70%
Licences and Permits . . . . .	214,220	2.50%	79,757	37.23%
Fines and Forfeitures . . . . .	73,808	0.86%	(30,697)	(41.59)%
Use of Money & Property . . . . .	458,405	5.35%	165,826	36.17%
Miscellaneous . . . . .	942,784	11.00%	768,713	81.54%
Recoveries . . . . .	24,285	0.28%	(719)	(2.96)%
Non-revenue Receipts . . . . .	181,259	2.11%	181,259	100.00%
Total . . . . .	<u>\$ 8,573,460</u>	<u>100.00%</u>	<u>\$ 1,652,275</u>	



The most significant increase in actual revenue sources was from the sale of a portion of the Public Safety facility land purchased in FY2000 and two lots in the business park and are included in Miscellaneous Revenue.

The most significant actual revenue decrease was from Fines and Forfeitures due to a decrease in parking fines and court collections.

The following schedule presents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2001 and the amount and percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2000</u>	<u>Percent Increase (Decrease)</u>
Current:				
General Government . . .	\$ 788,901	13.38%	\$ 2,726	0.35%
Public Safety . . . . .	1,938,025	32.86%	115,028	5.94%
Public Works . . . . .	1,988,867	33.72%	(28,096)	(1.41)%
Contributions . . . . .	153,911	2.61%	(74,748)	(48.57)%
Community Development	494,974	8.39%	70,390	14.22%
Debt Service:				
Principal . . . . .	48,159	0.82%	24,440	50.75%
Interest . . . . .	7,804	0.13%	6,772	86.78%
Capital Outlays . . . . .	<u>476,872</u>	<u>8.09%</u>	<u>(913,610)</u>	<u>(191.58)%</u>
Total . . . . .	<u>\$ 5,897,513</u>	<u>100.00%</u>	<u>\$ (797,098)</u>	

The increase in debt service reflects the payments for the purchase of a new AS400 computer and six new police vehicles.

The decrease in capital outlays is due to the deferment of the Main Street improvement project as well as the actual construction of the Public Safety Facility to FY2003.

General Fund Balance. The general fund balance increased by 40.69 percent in 2001. This increase, when added to the previous year's fund balance, continues to enhance the Town's ability to pay for current operating expenditures.

Enterprise Operations. The Town's enterprise operations are comprised of two separate and distinct activities: the Water and Sewer Fund and the Cemetery Fund.

Several of the Town's major initiatives are directly related to the Water and Sewer Fund as mentioned earlier. The Town has continued to provide quality services to its customers, as well as retire its debt, with no increase to the charges for these services during the past four fiscal years.

The 12.09% increase in operating expenses is primarily due to increased labor costs and the associated costs of benefits as well as increased chemical costs and professional fees.

The decrease in non-operating expenses is due to increased bond payments resulting in decreased interest payments.

The Cemetery Fund accounts for the revenues and expenses of the Town's nine-acre cemetery. The Town maintained the cemetery in 2001 with a 16.39% increase in expenses mostly due to repairs and work on the existing trees. Revenues increased by 31.44% due to the increased number of burials and the sale of several of the few remaining single site lots.

Debt Administration. During the year, the Town maintained its current debt obligation through current operating revenues with no new bond debt being incurred.

Cash Management. Idle cash during the year was invested in treasury bonds and demand deposit accounts with various financial institutions, fully collateralized by those institutions. The continued recovery of the economy during the year and investment practices for idle cash resulted in an increase of 37.73% in interest revenue during the year.

Risk Management. The Town is a member of the Virginia Municipal Group Self Insurance Association for Workers' Compensation. The Town continues to carry insurance for all other risks of losses. Settled claims from these risks have not exceeded commercial coverage.

#### OTHER INFORMATION

Independent Audit. State statutes require an annual audit by independent certified public accountants. Robinson, Farmer, Cox Associates was selected for our audit. The audit was designed to meet the requirements set forth in state statutes as well as meet the requirements of OMB Circular A-133. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.


Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Warrenton for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2000. This was the eighth consecutive year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

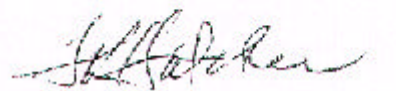
A Certificate of Achievement is valid for a period of one year only. We believe our comprehensive annual finance report continues to conform to the Certificate of Achievement program requirements and we are submitting our CAFR for the current year to the GFOA to determine its eligibility for another certificate.

Acknowledgments. Each member of the finance department has our sincere appreciation for their efforts in making this report possible on a timely basis.

The Town Council also has our sincere appreciation for their leadership and support. Without this support, this report would not have been possible.

Sincerely,

  
John A. Anzivino  
Town Manager

  
Frances K. Hatcher  
Finance/Personnel Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Warrenton,  
Virginia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2000

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



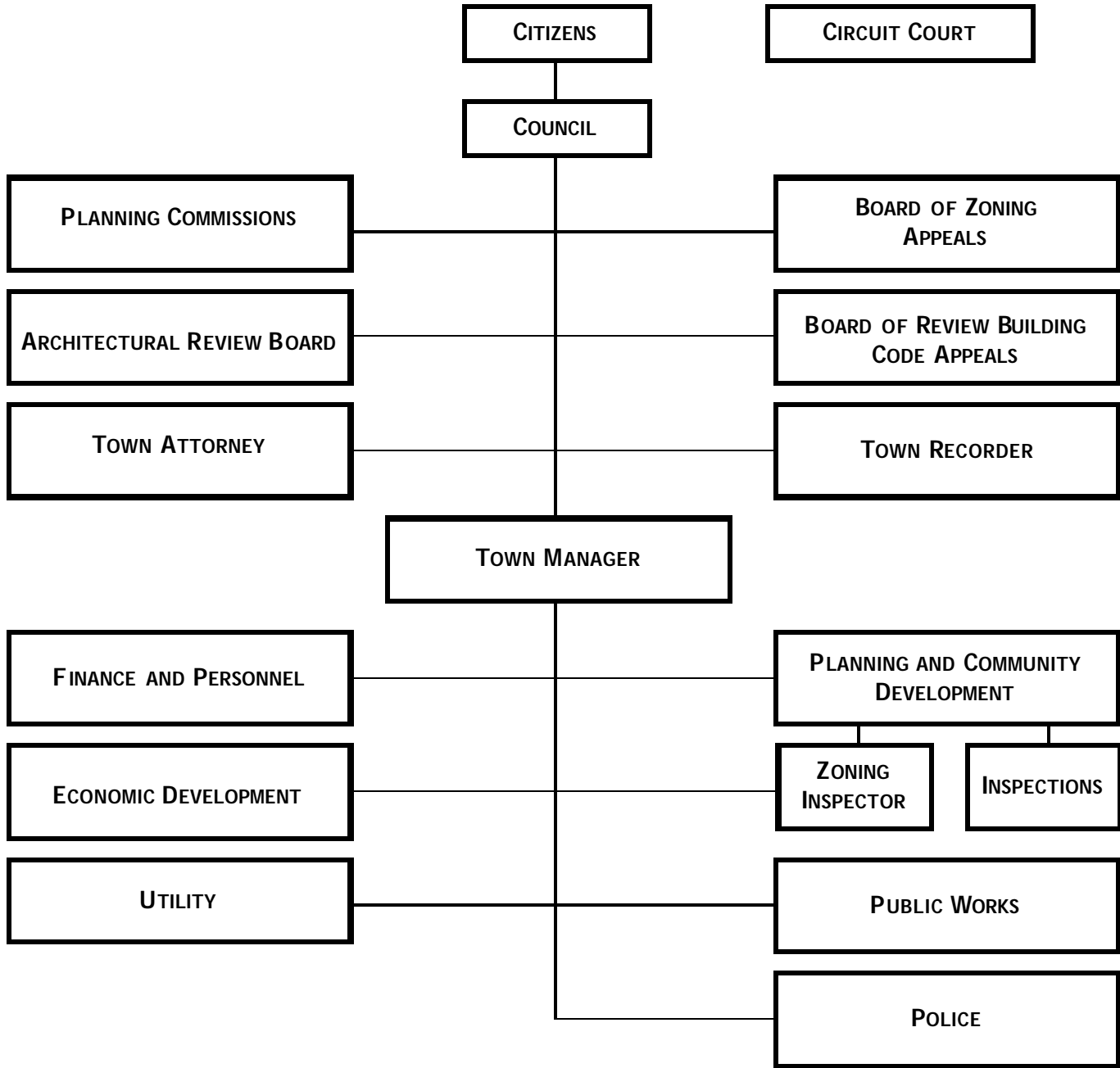
*Imelda Chave*  
President

*Jeffrey L. Esser*  
Executive Director



# TOWN OF WARRENTON

## ORGANIZATIONAL CHART





# ROBINSON, FARMER, COX ASSOCIATES

*Certified Public Accountants*

*A Professional Limited Liability company*

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## INDEPENDENT AUDITORS' REPORT

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### THE HONORABLE MEMBERS OF THE TOWN COUNCIL TOWN OF WARRENTON, VIRGINIA

We have audited the accompanying general-purpose financial statements and the combining, individual fund and account group financial statements of The Town of Warrenton, Virginia, as of and for the year ended June 30, 2001, as listed in the table of contents. These financial statements are the responsibility of the Town of Warrenton, Virginia's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the Specifications for Audit of Counties, Cities, and Towns issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Warrenton, Virginia, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also in our opinion the combining and individual fund and account group financial statements referred to above present fairly, in all material respects the financial position of each of the individual funds and account groups of the Town of Warrenton, Virginia, as of June 30, 2001 and the results of its operations of such funds and cash flows of individual proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 6 to the basic financial statements, the Town adopted the provisions of Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. This results in a change to the Town's method of accounting for certain nonexchange revenues and a change in the format and content of the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2001 on our consideration of the Town of Warrenton, Virginia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the Town of Warrenton, Virginia, taken as a whole. The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

*Robinson, Fawcett, Cox & Associates*

Charlottesville, Virginia  
September 6, 2001



## **General Purpose Financial Statements**

# ***Town of Warrenton, Virginia***

## **Combined Balance Sheet - All Funds and Account Groups At June 30, 2001**

	<b>Governmental Fund Types</b>	<b>Proprietary Fund Types</b>
	<b>General</b>	<b>Enterprise</b>
<b>ASSETS AND OTHER DEBITS</b>		
Cash and investments(Note 11)	\$ 8,693,495	\$ 4,267,968
Restricted cash and investments(Note 11)	0	25,611
Receivables:		
Taxes receivable	164,917	0
Other accounts	368,844	385,197
Accrued interest	25,260	0
Notes	0	22,572
Inventory	0	160,830
Due from other governments (Note 3)	228,005	0
Bond issuance costs (net of amortization)	0	68,636
Property, plant and equipment (net) (Notes 4 & 5)	0	16,686,176
Other debits:		
Amount to be provided for the retirement of general long-term debt and accrued leave	0	0
Total assets	<u>\$ 9,480,521</u>	<u>\$ 21,616,990</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 624,802	\$ 146,671
Accrued leave payable (Note 1)	0	92,741
Accounts payable from restricted assets	0	25,611
Deferred revenue (Note 9)	160,569	0
Accrued general obligation bond interest payable	0	75,120
Capital leases (Note 1)	0	20,224
General obligation bonds payable (Note 7)	0	4,600,000
Total liabilities	<u>\$ 785,371</u>	<u>\$ 4,960,367</u>
<b>EQUITY AND OTHER CREDITS</b>		
Contributed capital (Note 6)	\$ 0	\$ 9,611,820
Investment in general fixed assets	0	0
Retained earnings:		
Reserved for future projects	0	976,530
Unreserved	0	6,068,273
Fund balances:		
Unreserved:		
Designated for subsequent expenditures	3,016,433	0
Undesignated	5,678,717	0
Total equity and other credits	<u>\$ 8,695,150</u>	<u>\$ 16,656,623</u>
Total liabilities, fund equity and other credits	<u>\$ 9,480,521</u>	<u>\$ 21,616,990</u>

The accompanying notes to financial statements are an integral part of this statement

## Exhibit 1

Fiduciary Fund Types	Account Groups		Totals "Memorandum Only"
	General Long-term Debt	General Fixed Assets	
Trust and Agency			
\$ 58,632	\$ 0	\$ 0	\$ 13,020,095
0	0	0	25,611
0	0	0	164,917
0	0	0	754,041
0	0	0	25,260
0	0	0	22,572
0	0	0	160,830
0	0	0	228,005
0	0	0	68,636
0	0	6,784,641	23,470,817
0	381,299	0	381,299
<u>\$ 58,632</u>	<u>\$ 381,299</u>	<u>\$ 6,784,641</u>	<u>\$ 38,322,083</u>
\$ 58,632	\$ 0	\$ 0	\$ 830,105
0	248,200	0	340,941
0	0	0	25,611
0	0	0	160,569
0	0	0	75,120
0	133,099	0	153,323
0	0	0	4,600,000
<u>\$ 58,632</u>	<u>\$ 381,299</u>	<u>\$ 0</u>	<u>\$ 6,185,669</u>
\$ 0	\$ 0	\$ 0	\$ 9,611,820
0	0	6,784,641	6,784,641
0	0	0	976,530
0	0	0	6,068,273
0	0	0	3,016,433
0	0	0	5,678,717
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,784,641</u>	<u>\$ 32,136,414</u>
<u>\$ 58,632</u>	<u>\$ 381,299</u>	<u>\$ 6,784,641</u>	<u>\$ 38,322,083</u>

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances**  
**All Governmental Funds**  
**Year Ended June 30, 2001**

	<b>General</b>
Revenues:	
General property taxes	\$ 1,211,312
Other local taxes	4,191,058
Permits, privilege fees and regulatory licenses	214,220
Fines and forfeitures	73,808
Revenue from use of money and property	458,405
Miscellaneous	942,784
Recovered costs	24,285
Revenue from the Commonwealth	1,271,559
Revenue from the Federal Government	4,770
	<hr/>
Total revenues	\$ 8,392,201
Expenditures:	
Current:	
Legislation and policy direction	\$ 95,574
General government administration	160,666
Counsel and legal advice	128,508
Financial administration	288,979
Memberships	3,686
Data processing department	111,488
Department of police	1,667,344
Fire and rescue services	108,381
Bureau of building inspections	162,300
Public works administration	252,070
Bureau of street maintenance	486,924
Arterial street maintenance	260,978
Collector street maintenance	247,972
Bureau of refuse collection	411,671
Recycling department	86,731
Maintenance, building and grounds	222,532
Maintenance, parks	19,989
Contributions	153,911
Planning Commission	284,921
Board of Zoning Appeals	267
Architectural Review Board	773
Economic development department	209,013
Capital projects	476,872
Debt service:	
Principal retirement	48,159
Interest and other fiscal charges	7,804
	<hr/>
Total expenditures	\$ 5,897,513
Excess (deficiency) of revenues over (under) expenditures	\$ 2,494,688
Other financing sources and (uses):	
Proceeds from indebtedness	181,259
Excess (deficiency) of revenues and other sources	<hr/>
over (under) expenditures and other uses	\$ 2,675,947
Fund balances, beginning of year	6,019,203
Fund balances, end of year	<hr/> <hr/> \$ 8,695,150

The accompanying notes to financial statements are an integral part of this statement

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual**  
**All Governmental Funds**  
**Year Ended June 30, 2001**

	General Fund		
	Budget	Actual	Variance Favorable (Unfavor.)
Revenues:			
General property taxes	\$ 1,391,396	\$ 1,211,312	\$ (180,084)
Other local taxes	3,090,085	4,191,058	1,100,973
Permits, privilege fees and regulatory licenses	83,910	214,220	130,310
Fines and forfeitures	81,000	73,808	(7,192)
Revenue from use of money and property	253,367	458,405	205,038
Miscellaneous	27,291	942,784	915,493
Recovered costs	25,000	24,285	(715)
Revenue from the Commonwealth	915,978	1,271,559	355,581
Revenue from the Federal Government	0	4,770	4,770
Total revenues	\$ 5,868,027	\$ 8,392,201	\$ 2,524,174
Expenditures:			
Current:			
Legislation and policy direction	\$ 94,640	\$ 95,574	\$ (934)
General government administration	158,504	160,666	(2,162)
Counsel and legal advice	103,570	128,508	(24,938)
Financial administration	301,104	288,979	12,125
Memberships	4,056	3,686	370
Data processing department	108,331	111,488	(3,157)
Department of police	1,590,845	1,667,344	(76,499)
Fire and rescue services	121,029	108,381	12,648
Bureau of building inspections	163,207	162,300	907
Public works administration	259,254	252,070	7,184
Bureau of street maintenance	490,157	486,924	3,233
Arterial street maintenance	307,934	260,978	46,956
Collector street maintenance	294,660	247,972	46,688
Bureau of refuse collection	408,161	411,671	(3,510)
Recycling program	92,891	86,731	6,160
Maintenance, building and grounds	219,680	222,532	(2,852)
Maintenance, parks	16,394	19,989	(3,595)
Contributions	124,350	153,911	(29,561)
Planning Commission	285,206	284,921	285
Board of Zoning Appeals	1,700	267	1,433
Architectural Review Board	2,000	773	1,227
Economic development department	218,057	209,013	9,044
Capital projects	462,537	476,872	(14,335)
Debt service:			
Principal retirement	13,707	48,159	(34,452)
Interest and other fiscal charges	2,149	7,804	(5,655)
Total expenditures	\$ 5,844,123	\$ 5,897,513	\$ (53,390)
Excess (deficiency) of revenues over expenditures	\$ 23,904	\$ 2,494,688	\$ 2,470,784
Other financing sources (uses):			
Proceeds from indebtedness	\$ 650,000	\$ 181,259	\$ (468,741)
Operating transfers in	23,065	0	(23,065)
Operating transfers out	(53,872)	0	53,872
Total other financing sources (uses)	\$ 619,193	\$ 181,259	\$ (437,934)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	\$ 643,097	\$ 2,675,947	\$ 2,032,850
Fund balances at beginning of year	(643,097)	6,019,203	6,662,300
Fund balances at end of year	\$ 0	\$ 8,695,150	\$ 8,695,150

The accompanying notes to financial statements are an integral part of this statement.

**Proprietary Funds**  
**Combined Statement of Revenues, Expenses, and Changes in Retained Earnings**  
**Year Ended June 30, 2001**

	<b>Proprietary Fund Type Enterprise</b>
Operating revenues:	
Sale of water and sewer services	\$ 3,123,054
Sale of cemetery services	20,250
Miscellaneous revenues	1,983
Total operating revenues	<u>\$ 3,145,287</u>
Operating expenses:	
Maintenance of cemetery building and grounds	\$ 85,148
Source of supply of water	460,560
Maintenance of water and sewer lines	336,600
Meter reading, billing and servicing	190,403
Operation of sewage treatment plant	891,656
Administration	431,673
Depreciation	791,050
Amortization	8,856
Total operating expenses	<u>\$ 3,195,946</u>
Net operating income	<u>\$ (50,659)</u>
Non-operating revenues (expenses):	
Interest revenue	\$ 157,419
Rental income	103,207
Loss on Disposition of Assets	(1,538)
Water/Sewer connection fees	1,490,600
Interest expense	(230,695)
Other	(443)
Total non-operating revenues (expenses)	<u>\$ 1,518,550</u>
Net income (loss)	\$ 1,467,891
Add depreciation on fixed assets acquired by grants	<u>315,114</u>
Increase (decrease) in retained earnings	\$ 1,783,005
Retained earnings, beginning of year	<u>5,261,798</u>
Retained earnings, end of year	<u><u>\$ 7,044,803</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**Proprietary Funds**  
**Combined Statement of Cash Flows**  
**Year Ended June 30, 2001**

	<b>Proprietary Fund Type Enterprise</b>
Cash flows from operating activities:	
Operating income (loss)	\$ (50,659)
Adjustments to reconcile operating income with net cash provided by operating activities:	
Depreciation	\$ 791,050
Amortization	8,856
(Increase) decrease in accounts receivable	(34,760)
(Increase) decrease in accrued interest receivable	251
(Increase) decrease in notes receivable	52,017
(Increase) decrease in inventory	(332)
Increase (decrease) in accounts payable	32,722
Increase (decrease) in accrued leave	(3,091)
Increase (decrease) in payable from restricted assets	240
Increase (decrease) in accrued general obligation interest	(7,678)
Net cash provided by operating activities	\$ 788,616
Cash flows from capital and related financing activities:	
Repayment of long term debt	\$ (566,040)
Interest paid on indebtedness	(231,138)
Purchase of fixed assets	(617,846)
Capital contributions from customers - tap fees	1,490,600
Net cash used in financing activities	\$ 75,576
Cash flows from investing activities:	
Investment income	\$ 157,419
Rental income	103,207
Net cash provided by investing activities	\$ 260,626
Net increase (decrease) in cash	\$ 1,124,818
Cash and cash equivalents at beginning of year	3,168,761
Cash and cash equivalents at end of year	\$ 4,293,579

The accompanying notes to financial statements are an integral part of this statement.

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Town of Warrenton, Virginia

Notes to Financial Statements  
As of June 30, 2001

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**Note 1—Summary of Significant Accounting Policies:**

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The financial statements of the Town conform to generally accepted accounting principles (GAAP) applicable to government units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of more significant policies:

**A. Financial Reporting Entity:**

The government is a municipal corporation governed by an elected mayor and seven-member council. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. There are no component units for the Town of Warrenton.

**B. Cost Sharing Agreement:**

The Town has, with the County of Fauquier, a joint dispatch center. The Town appoints three members of the eight-member board of the Center. For the first three years of the agreement, which began in July 1994, the Town will share in 20% of the net costs. All E-911 telephone taxes are credited to the Center and then expenses are shared on a 20/80 split with the County. Since the Center is not truly subject to joint control in that Fauquier County has the ability to unilaterally control the financial and operating policies of the Center, the Center does not meet the definition of a joint venture.

**C. Financial Statement Presentation:**

The accounts are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund and account group are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses. Account groups are used to establish accounting control over certain assets and liabilities that are not recorded in funds.

The following table shows the fund types and fund classifications that are generally recognized in municipal accounting, and the titles of the funds maintained by the Town which correspond to these classifications:

<u>Fund Type</u>	<u>Fund Classification</u>	<u>Fund Title</u>
Governmental	General	General Fund
Proprietary	Enterprise	Cemetery Fund, Water & Sewer Fund
Fiduciary	Trust and Agency	Agency Funds

Notes to Financial Statements

As of June 30, 2001 (Continued)

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Note 1—Summary of Significant Accounting Policies: (Continued)

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C. Financial Statement Presentation (Continued)

1. Governmental Funds account for the expendable financial resources, other than those accounted for in Proprietary and Similar Funds. The Governmental Fund measurement focus is on determination of financial position and changes in financial position, rather than on net income determination as would apply to a commercial enterprise. The individual Governmental Funds are:

General Fund accounts for all revenues and expenditures applicable to the general operations of the Town which are not accounted for in other funds.

2. Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds.

Enterprise Funds account for the financing of services to the general public where all or most of the operating expenses involved are recorded in the form of charges to users of such services. The Cemetery and Water and Sewer Funds are Enterprise Funds.

3. Fiduciary Funds (Trust and Agency Funds) account for assets held by a governmental unit as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include the Agency Funds.
4. Account Groups are used to account for general obligation long-term debt and general fixed assets. Long-term debt and fixed assets related to the Proprietary Fund are accounted for in this fund. General long-term debt and general fixed asset account groups are included herein.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets. General fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-term Debt Account Group, not in the governmental funds.

Notes to Financial Statements

As of June 30, 2001 (Continued)

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**Note 1—Summary of Significant Accounting Principles: (Continued)**

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**C. Financial Statement Presentation (Continued)**

5. Combined/Combining Format

Combined Financial Statements - These statements are referred to as General Purpose Financial Statements and provide a summary overview of the financial position of all funds and account groups of a specific fund classification are combined and presented as one in the financial statements. For example, all funds classified as Proprietary Funds are combined and presented under the caption "Proprietary Funds."

Combining Financial Statements - By Fund Classification - These statements present individual financial statements for each fund of a given fund classification. For example, each Proprietary Fund is shown individually.

6. Budgetary Comparison Statements - The Combined and Combining Statements of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual, compare budget and actual data for all Governmental Funds for which budgets were adopted. Amounts shown as budget represent the amended operating budget as adopted and amended by the Town Council for the fiscal year ended June 30, 2001. A review of the budgetary comparisons presented herein will disclose how accurately the governing body was able to forecast the revenues and expenditures of the Town.

7. Total Column on Combined Statements - The total column on the Combined Statements is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**D. Basis of Accounting**

1. Governmental Funds - Governmental Funds utilize the modified accrual basis of accounting under which revenues and related assets are recorded when measurable and available to finance operations during the year. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year end are reflected as deferred revenues. Sales taxes, which are collected by the State and subsequently remitted to the Town are recognized as revenues and receivables upon collection by the State, which is generally in the month preceding receipt by the Town.

Licenses, permits and fines are recorded as revenues when received. Intergovernmental revenues, consisting primarily of State and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure.

Notes to Financial Statements

As of June 30, 2001 (Continued)

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**Note 1—Summary of Significant Accounting Principles: (Continued)**

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**D. Basis of Accounting (Continued)**

Expenditures, other than accrued vacation pay not currently payable and interest on long-term debt, are recorded as the related fund liabilities are incurred. Sick leave is recorded as an expenditure when paid. Interest on long-term debt is recognized when due except for interest due on July 1, which is accrued.

2. Proprietary Fund - The accrual basis of accounting is used for the Enterprise Funds. Under the accrual method, revenues are recognized in the accounting period in which they are earned, while expenses are recognized in the accounting period in which the related liability is incurred. The Town applies all applicable GASB pronouncements as well as FASB Statements and Interpretations, APB's and ARB's issued on or before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

3. Fiduciary Funds (Trust and Agency Funds)

Agency Funds utilize the modified accrual basis of accounting.

**E. Budgets and Budgetary Accounting**

Budgets are adopted for the General Fund and Enterprise Funds.

The following procedures are used by the Town in establishing the budgetary data reflected in the financial statements:

1. Prior to April 1, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to May 1, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department or category level. The appropriation for each department or category can be revised only by the Town Council. The Town Manager is authorized to transfer budgeted amounts within departments.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all Town funds unless they are carried forward by a resolution of Town Council. Several supplemental appropriations were necessary during the fiscal year.
8. All budget data presented in the accompanying financial statements is the amended budget as of June 30.

Notes to Financial Statements  
As of June 30, 2001 (Continued)

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**Note 1—Summary of Significant Accounting Principles: (Continued)**

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**F. Inventory**

Inventories are valued at cost, which approximates market, using the first in/first out (FIFO) method. The costs of inventories are recorded as expenses when consumed rather than when purchased.

**G. Property, Plant, and Equipment (Fixed Assets)**

Property, plant and equipment purchased is stated at cost or estimated cost. Donated property is recorded at market value prevailing at date of donation. Depreciation for Proprietary Fund fixed assets has been provided over the following estimated useful lives using the straight-line method:

	<u>Prior to 1982</u>	<u>After 1982</u>
Improvements . . . . .	40	50 years
Water and sewer lines . . . . .	40	50 years
Water and sewer plant . . . . .	40	50 years
Equipment . . . . .	10	5-10 years

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the assets capitalized in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized. Such assets are immovable and of value only to the government.

**H. Cash and Cash Equivalents**

The Town's cash and cash equivalents consist principally of demand deposits and certificates of deposit, which generally have an original maturity date of three months or less. For the statement of cash flows, all of these are considered cash and cash equivalents.

**I. Property Tax Calendar**

The Town collects real property taxes semi-annually and personal property taxes annually. Real property and personal property is assessed by the County of Fauquier Commissioner of Revenue annually on property owned on January 1<sup>st</sup> and July 1<sup>st</sup> for real estate and January 1<sup>st</sup> for personal property. Town Council adopts tax rates in April of each year as a part of the budget process. Real property taxes are levied as of January 1<sup>st</sup> and July 1<sup>st</sup> and are due on June 15<sup>th</sup> and December 15<sup>th</sup> of each year. Personal property taxes are levied as of January 1<sup>st</sup> and are due on December 15<sup>th</sup> of each year. Penalties accrue on the unpaid balances at this date. Interest is charged on unpaid balances beginning December 16<sup>th</sup> and June 16<sup>th</sup>. Unpaid real property taxes constitute a lien against the property. The Town bills and collects its own property taxes.

Notes to Financial Statements

As of June 30, 2001 (Continued)

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**Note 1—Summary of Significant Accounting Principles: (Continued)**

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**J. Investments**

Investments are reported at fair value. Certificates of deposits are reported in the accompanying financial statements as cash and cash equivalents.

**K. Compensated Absences**

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

**L. Issuance Costs**

Issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the straight line method, which is not materially different from the effective interest method.

**M. Encumbrance Accounting**

Encumbrance accounting is employed in governmental funds. Encumbrances outstanding at year end are not significant and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

**N. New Governmental Accounting Standards Board Standards (GASB)**

GASB has issued Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, which establishes specific standards for basic financial statements, management's discussion and analysis (MD&A), and certain required supplementary information other than MD&A. This statement will become effective for the Town in fiscal year 2003. Management has not yet determined the impact of this statement on the financial statements.

Notes to Financial Statements  
As of June 30, 2001 (Continued)

**Note 2—Property Taxes Receivable:**

Property is assessed at its value on January 1<sup>st</sup> and July 1<sup>st</sup> for real estate and January 1<sup>st</sup> for personal property. Property taxes attach as an enforceable lien on property as of January 1<sup>st</sup> and July 1<sup>st</sup>. Real estate taxes are payable June 15<sup>th</sup> and December 15<sup>th</sup>. Personal property taxes are payable December 15<sup>th</sup>. The Town bills and collects its own property taxes.

**Note 3—Due From Other Governmental Units:**

	<b><u>Primary Government</u></b>
Commonwealth of Virginia:	
Highway maintenance funds . . . . .	\$ 171,902
Sales tax . . . . .	48,583
Other . . . . .	<u>7,520</u>
Total . . . . .	<u>\$ 228,005</u>

**Note 4—Changes in General Fixed Assets:**

A summary of general fixed assets at June 30, 2001 follows:

**Primary Government:**

	<b><u>Balance July 1, 2000</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance June 30, 2001</u></b>
Land and buildings . . . . .	\$ 4,676,884	\$ 15,055	\$ 418,500	\$ 4,273,439
Furniture and equipment . . . . .	1,281,596	103,025	46,067	1,338,554
Vehicles . . . . .	<u>1,033,259</u>	<u>139,389</u>	<u>-</u>	<u>1,172,648</u>
Totals . . . . .	<u>\$ 6,991,739</u>	<u>\$ 257,469</u>	<u>\$ 464,567</u>	<u>\$ 6,784,641</u>

Town of Warrenton, Virginia

Notes to Financial Statements  
As of June 30, 2001 (Continued)

**Note 5—Proprietary Fixed Assets:**

A summary of Proprietary Fund property, plant and equipment at June 30, 2001 follows:

	Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
Land . . . . .	\$ 670,838	\$ 322	\$ -	\$ 671,160
Buildings . . . . .	3,997	-	-	3,997
Dam . . . . .	1,590,017	-	-	1,590,017
Water and sewer lines . . . . .	9,639,470	432,125	-	10,071,595
Equipment . . . . .	1,118,255	65,464	7,832	1,175,887
Water and sewer plants . . . . .	14,092,525	64,769	-	14,157,294
Construction in progress . . . . .	9,257	69,675	-	78,932
Totals . . . . .	\$ 27,124,359	\$ 632,355	\$ 7,832	\$ 27,748,882
Less accumulated depreciation	\$ (10,277,601)	\$ (791,050)	\$ (5,945)	\$ (11,062,706)
Net . . . . .	\$ 16,846,758	\$ (158,695)	\$ 1,887	\$ 16,686,176

**Note 6—Contributed Capital:**

The Town amortizes contributed capital for enterprise activities on the same basis as the related assets are depreciated. For the year ended June 30, 2001, the Town elected to early implement Governmental Accounting Standards Board Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions. Changes in contributed capital for the year ended June 30, 2001 are as follows:

Contributed capital, July 1, 2000 . . . . .	\$ 9,926,934
Additions . . . . .	-
Subtotal . . . . .	\$ 9,926,934
Amortization during the year . . . . .	(315,114)
Contributed capital, June 30, 2000 . . . . .	\$ 9,611,820



Notes to Financial Statements  
As of June 30, 2001 (Continued)

**Note 7—Long-term Debt:**

**Primary Government:**

Annual requirements to retire long-term debt are as follows:

Year Ending June 30,	Enterprise Funds				General Long-Term Debt	
	General Obligation Bonds		Capital Leases		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2002 . . .	\$ 610,000	\$ 212,398	\$ 12,085	\$ 719	\$ 59,864	\$ 6,055
2003 . . .	615,000	185,905	4,799	301	63,392	2,527
2004 . . .	620,000	158,425	3,340	1,760	9,843	2,663
2005 . . .	620,000	129,905	-	-	-	-
2006 . . .	630,000	98,955	-	-	-	-
2007 . . .	645,000	65,160	-	-	-	-
2008 . .	415,000	36,332	-	-	-	-
2009 . . .	445,000	12,460	-	-	-	-
Total . .	\$ 4,600,000	\$ 899,540	\$ 20,224	\$ 2,780	\$ 133,099	\$ 11,245

Changes in Long-term Debt

The following is a summary of long-term transactions of the Town for the year ended June 30, 2001:

	Compensated Absences		Enterprise		General Long-Term Debt	Total
	Enterprise	General Fund	Bonds	Leases		
Balance payable at July 1, 2000 . . . . .	\$ 95,832	\$ 218,176	\$ 5,155,000	\$ 17,103	-	\$ 5,486,111
Proceeds from capital lease . . . . .	-	-	-	14,172	181,259	195,431
Retirements of Water & Sewer bonds . . . . .	-	-	(555,000)	-	-	(555,000)
Retirement: Lease purchase . . . . .	-	-	-	(11,051)	(48,160)	(59,211)
Compensated absences (net change) . . . . .	(3,091)	30,024	-	-	-	26,933
Balance payable at June 30, 2001 . . . . .	\$ 92,741	\$ 248,200	\$ 4,600,000	\$ 20,224	\$ 133,099	\$ 5,094,264

Town of Warrenton, Virginia

Notes to Financial Statements

As of June 30, 2001 (Continued)

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Note 7—Long-term Debt: (Continued)

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Primary Government: (Continued)

	<u>Amount Outstanding</u>
<u>Details of Long-term Indebtedness:</u>	
<u>General Long-term Debt:</u>	
<u>General Long-term debt Account Group:</u>	
<u>Capital Leases:</u>	
\$21,259 issued December 12, 2000 due in 36 monthly installments of \$638 beginning March 1, 2001 through March 1, 2004. The lease is for the purchase of computer equipment . . . . .	\$ 19,053
\$160,000 issued July 7, 2000 due in 35 monthly installments of \$4,856 beginning August 7, 2000 through July 7, 2003, the lease is for the purchase of 6 police cruisers . . . . .	<u>114,046</u>
Total general long-term debt account group debt . . . . .	\$ <u>133,099</u>
<u>Enterprise Funds:</u>	
<u>Water and Sewer general obligation bonds:</u>	
\$6,500,000 issued April 1, 1993 due in annual installments varying from \$85,000 to \$645,000 due September 1, 2008 interest rates from 2.5% to 5.6% . . . . .	\$ 4,600,000
<u>Capital Leases:</u>	
\$19,424 issued March 6, 2000, due in 24 monthly installments of \$859 beginning April 6, 2000 through March 6, 2002. The Lease is for the purchase of a 2000 Dodge Dakota truck . . . . .	7,522
\$14,172 issued December 12, 2000 due in 36 monthly installments of \$425 beginning March 1, 2001 through March 1, 2004. The lease is for the purchase of computer equipment . . . . .	<u>12,702</u>
Total enterprise funds long-term debt . . . . .	\$ <u>4,620,224</u>

Notes to Financial Statements

As of June 30, 2001 (Continued)

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**Note 8—Defined Benefit Pension Obligation:**

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**A. Plan Description**

The Town contributes to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System (System).

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs), or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.7 percent of their average final salary (AFS) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases limited to 5% per year beginning in their second year of retirement. AFS is defined as the highest consecutive 36 months of salary. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the *Code of Virginia* (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

**B. Funding Policy**

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5% of their annual salary to the VRS. The employer has assumed this 5% member contribution. In addition, the Town is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. The Town's contribution rate for the fiscal year ended 2001 was 5.6% of annual covered payroll.

**C. Annual Pension Cost**

For 2001, the Town's annual pension cost of \$143,008 was equal to the Town's required and actual contributions. The required contribution was determined as part of the June 30, 2000 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8% investment rate of return, (b) projected salary increases of 4%-6.15% per year, and (c) 3.5% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 4%. The actuarial value of the Town's assets is equal to the modified market value of assets. This method was determined using techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period.

Notes to Financial Statements  
As of June 30, 2001 (Continued)

**Note 8—Defined Benefit Pension Obligation: (Continued)**

**C. Annual Pension Cost (continued)**

This method was determined using techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The Town's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis within a period of 30 years or less.

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)*</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 1999	\$ 188,285	100%	\$ 47,079
June 30, 2000	210,794	100%	\$ 0
June 30, 2001	243,008	100%	\$ 0

\* Includes employer costs only

**D. Required Supplementary Information**

**Schedule of Funding Progress for Defined Pension Benefit Plan**

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Actuarial Accrued Liability as a Percentage of Payroll</u>
06/30/00	\$ 9,941,230	\$ 8,817,151	\$ (1,124,079)	112.75%	\$ 3,276,021	(34.31%)
06/30/99	8,547,058	8,917,292	370,234	95.08%	3,014,056	12.3%
06/30/98	7,340,072	7,976,592	636,520	92.00%	3,043,798	20.90%

Notes to Financial Statements  
As of June 30, 2001 (Continued)

**Note 9—Deferred Revenue:**

Deferred revenue represents uncollected tax billings at June 30, 2001 not available for funding of current expenditures. Taxes due at June 30 and collected within 60 days after June 30 are recognized as revenue in the accompanying financial statements.

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$160,569 is comprised of \$153,147 uncollected tax billings and \$7,422 of prepaid tax collections not available for funding for current expenditures.

**Note 10—Segment Information:**

The Town maintains two Enterprise Funds which provide water and sewer services and a cemetery. Segment information for the year ended June 30, 2001 was as follows:

	<u>Water and Sewer Fund</u>	<u>Cemetery Fund</u>
Operating revenues . . . . .	\$ 3,124,992	\$ 20,295
Depreciation expense and amortization expense . . . . .	796,635	3,271
Operating income or (loss) . . . . .	17,465	(68,124)
Net income or loss . . . . .	1,515,929	(48,038)
Plant, property and equipment:		
Additions (deletions) . . . . .	617,846	-
Net increase (decrease) in cash flows . . . . .	1,168,016	(43,198)
Total assets . . . . .	21,559,270	57,720
Bonds and other long-term liabilities:		
Payable from operating revenues . . . . .	3,998,139	-
Total equity . . . . .	16,604,692	51,931
Change in contributed capital . . . . .	-	-
Net working capital . . . . .	3,864,349	35,601

Notes to Financial Statements  
As of June 30, 2001 (Continued)

Note 11—Cash:

A. Deposits

All cash of the Town is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.1-359 et. seq. of the *Code of Virginia* or covered by federal depository insurance.

B. Investments

Statutes authorize the Town to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank) and Asian Development Bank, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

The Town's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Town or its safekeeping agent in the Town's name. Category 2 includes uninsured or unregistered investments for which the securities are held in the broker's or dealer's trust department or safekeeping agent in the Town's name. Category 3 includes uninsured and unregistered safekeeping agent but not in the Town's name.

Shares in the LGIP maintain a constant dollar value. As a result, the fair value of the Town's position in the investment pool is the same as the value of the pool shares.

	Category			Carrying	Fair
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Amount</u>	<u>Value</u>
Repurchase agreements . . .	\$ -	\$ -	\$ 519,087	\$ 519,087	\$ 519,087
U.S. Treasury Bills . . . . .	-	-	588,769	588,769	588,769
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,107,856</u>		
Investment in State Treasurer's Local					
Government Investment Pool (LGIP) . . . . .				6,501,681	6,501,681
Total investments . . . . .				<u>\$ 7,609,537</u>	<u>\$ 7,609,537</u>
Total deposits . . . . .				5,435,882	
Cash on hand . . . . .				287	
Total cash and investments . . . . .				<u>\$ 13,045,706</u>	

Notes to Financial Statements

As of June 30, 2001 (Continued)

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**Note 12—Surety Bonds:**

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	<u>Amount</u>
Fidelity and Deposit Company-Surety	
John Anzivino, Town Manager . . . . .	\$ 50,000
Public Employees Blanket Bond . . . . .	25,000
United States Fidelity and Guaranty Company-Surety	
Director of Finance . . . . .	500,000
Deputy Finance Director . . . . .	500,000

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**Note 13—Risk Management:**

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The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The Town also provides a risk management program for workers' compensation. Premiums are paid by the general fund and all other funds and are available to pay claims, claim reserves and administrative costs of the program.

The Town is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The Town pays Virginia Municipal Group contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. Settled claims resulting from these risks have not exceeded commercial insurance in any of the past three fiscal years.

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## **Combining and Account Group Financial Statements**

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## **ENTERPRISE FUNDS**

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Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises—where the intent of the government’s council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the Council has decided that periodic determination of net income is appropriate for accountability purposes.

Water and Sewer—This fund is used to account for the Town’s provisions of water and sewer services.

Cemetery Fund—This fund is used to account for the Town’s maintenance of its cemetery. Funding is provided by user charges and transfers from the general fund.

Enterprise Funds  
Combining Balance Sheet  
At June 30, 2001

	Water and Sewer Fund	Cemetery Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments--Operating	\$ 4,226,578	\$ 41,390	\$ 4,267,968
Cash and investments--Restricted	25,611	0	25,611
Accounts receivable	385,197	0	385,197
Accrued interest receivable	0	0	0
Notes receivable	22,572	0	22,572
Inventory	160,830	0	160,830
Total current assets	\$ 4,820,788	\$ 41,390	\$ 4,862,178
Property, plant and equipment:			
Land	\$ 665,660	\$ 5,500	\$ 671,160
Buildings	0	3,997	3,997
Improvements	1,590,017	0	1,590,017
Water and sewer plants	14,157,294	0	14,157,294
Water and sewer lines	10,071,595	0	10,071,595
Equipment	1,131,545	44,342	1,175,887
Construction in progress	78,932	0	78,932
Sub-total	\$ 27,695,043	\$ 53,839	\$ 27,748,882
Less accumulated depreciation	11,025,197	37,509	11,062,706
Total property, plant and equipment	\$ 16,669,846	\$ 16,330	\$ 16,686,176
Other assets:			
Bond issuance costs (net of amortization)	\$ 68,636	\$ 0	\$ 68,636
Total assets	\$ 21,559,270	\$ 57,720	\$ 21,616,990
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable--vouchers	\$ 144,032	\$ 2,639	\$ 146,671
Accrued leave payable	89,591	3,150	92,741
Payable from restricted assets	25,611	0	25,611
Accrued general obligation bond interest	75,120	0	75,120
Current portion-general oblig. bonds & capital leases	622,085	0	622,085
Total current liabilities	\$ 956,439	\$ 5,789	\$ 962,228
Long term liabilities:			
General obligation bonds & capital leases(net of current portion)	\$ 3,998,139	\$ 0	\$ 3,998,139
Total liabilities	\$ 4,954,578	\$ 5,789	\$ 4,960,367
<b>EQUITY</b>			
Contributed capital	\$ 9,611,820	\$ 0	\$ 9,611,820
Retained earnings:			
Retained earnings--Reserved for future projects	\$ 971,530	\$ 5,000	\$ 976,530
Retained earnings--Unreserved	6,021,342	46,931	6,068,273
Total retained earnings	\$ 6,992,872	\$ 51,931	\$ 7,044,803
Total equity and other credits	\$ 16,604,692	\$ 51,931	\$ 16,656,623
Total liabilities and equity	\$ 21,559,270	\$ 57,720	\$ 21,616,990

**Enterprise Funds**  
**Combining Statement of Revenues, Expenses and Changes in Retained Earnings**  
**Year Ended June 30, 2001**

	<b>Water &amp; Sewer Fund</b>	<b>Cemetery Fund</b>	<b>Total</b>
Operating revenues:			
Sale of water and sewer services	\$ 3,123,054	\$ 0	\$ 3,123,054
Sale of cemetery services	0	20,250	20,250
Miscellaneous revenue	1,938	45	1,983
	<u>          </u>	<u>          </u>	<u>          </u>
Total operating revenues	\$ 3,124,992	\$ 20,295	\$ 3,145,287
Operating expenses:			
Maintenance of cemetery buildings and grounds	\$ 0	\$ 85,148	\$ 85,148
Source of supply of water	460,560	0	460,560
Maintenance of water and sewer lines	336,600	0	336,600
Meter reading, billing and servicing	190,403	0	190,403
Operation of sewage treatment plant	891,656	0	891,656
Administration	431,673	0	431,673
Depreciation	787,779	3,271	791,050
Amortization	8,856	0	8,856
	<u>          </u>	<u>          </u>	<u>          </u>
Total operating expenses	\$ 3,107,527	\$ 88,419	\$ 3,195,946
Net operating income (loss)	\$ 17,465	\$ (68,124)	\$ (50,659)
Non-operating revenues (expenses):			
Interest revenue	\$ 137,333	\$ 20,086	\$ 157,419
Rental revenue	103,207	0	103,207
Loss on Disposition of Assets	(1,538)	0	(1,538)
Water/sewer connection fees	1,490,600	0	1,490,600
Interest expense	(230,695)	0	(230,695)
Other	(443)	0	(443)
	<u>          </u>	<u>          </u>	<u>          </u>
Total non-operating revenues (expenses)	\$ 1,498,464	\$ 20,086	\$ 1,518,550
Net income (loss)	\$ 1,515,929	\$ (48,038)	\$ 1,467,891
Add depreciation on fixed assets acquired by grants	315,114	0	315,114
	<u>          </u>	<u>          </u>	<u>          </u>
Increase (decrease) in retained earnings	\$ 1,831,043	\$ (48,038)	\$ 1,783,005
Retained earnings, beginning of year	5,161,829	99,969	5,261,798
	<u>          </u>	<u>          </u>	<u>          </u>
Retained earnings, end of year	\$ 6,992,872	\$ 51,931	\$ 7,044,803

**Enterprise Funds  
Combining Statement of Cash Flows  
Year Ended June 30, 2001**

	<u>Water &amp; Sewer Fund</u>	<u>Cemetery Fund</u>	<u>Totals</u>
Cash flows from operating activities:			
Operating income (loss)	\$ 17,465	\$ (68,124)	\$ (50,659)
Adjustments to reconcile income with net cash provided by (used in) operating activities:			
Depreciation	787,779	3,271	791,050
Amortization	8,856	0	8,856
(Increase) decrease in accounts receivable	(34,760)	0	(34,760)
(Increase) decrease in accrued interest receivable	0	251	251
(Increase) decrease in notes receivable	52,017	0	52,017
(Increase) decrease in inventory	(332)	0	(332)
Increase (decrease) in accounts payable	32,589	133	32,722
Increase (decrease) in accrued leave	(4,276)	1,185	(3,091)
Increase (decrease) in payable from restricted assets	240	0	240
Increase (decrease) in accrued general obligation interest	(7,678)	0	(7,678)
Net cash provided by (used in) operating activities	<u>\$ 851,900</u>	<u>\$ (63,284)</u>	<u>\$ 788,616</u>
Cash flows from capital and related financing activities:			
Repayment of long term debt	\$ (566,040)	\$ 0	\$ (566,040)
Interest payments on long-term debt	(231,138)	0	(231,138)
Purchase of fixed assets	(617,846)	0	(617,846)
Capital contributions from customers - tap fees	1,490,600	0	1,490,600
Net cash (used in) capital and related financing activities	<u>\$ 75,576</u>	<u>\$ 0</u>	<u>\$ 75,576</u>
Cash flows from investing activities:			
Investment income	\$ 137,333	\$ 20,086	\$ 157,419
Rental income	103,207	0	103,207
Net cash provided by investing activities	<u>\$ 240,540</u>	<u>\$ 20,086</u>	<u>\$ 260,626</u>
Net increase (decrease) in cash	1,168,016	(43,198)	1,124,818
Cash and cash equivalents at beginning of year	<u>\$ 3,084,173</u>	<u>\$ 84,588</u>	<u>\$ 3,168,761</u>
Cash and cash equivalents at end of year	<u><u>\$ 4,252,189</u></u>	<u><u>\$ 41,390</u></u>	<u><u>\$ 4,293,579</u></u>

**Water and Sewer Fund**  
**Balance Sheet**  
**At June 30, 2001**

<b>ASSETS</b>	
<b>Current assets:</b>	
Cash and investments-operating	\$ 4,226,578
Cash and investments-restricted	25,611
Accounts receivable (net of allowance for uncollectibles)	385,197
Notes receivable	22,572
Inventory	160,830
Total current assets	\$ 4,820,788
<b>Fixed assets:</b>	
Land	\$ 665,660
Dam	1,590,017
Water and sewer plants	14,157,294
Water and sewer lines	10,071,595
Equipment	1,131,545
Construction in progress	78,932
Sub-total	\$ 27,695,043
Less accumulated depreciation	11,025,197
Total fixed assets	\$ 16,669,846
<b>Other assets:</b>	
Bond issuance costs (net of amortization)	\$ 68,636
Total assets	\$ 21,559,270
<b>LIABILITIES</b>	
<b>Current liabilities:</b>	
Accounts payable	\$ 144,032
Accrued leave payable	89,591
Payable from restricted assets	25,611
Accrued general obligation bond interest	75,120
Current portion of general obligation bonds and capital leases	622,085
Total current liabilities	\$ 956,439
<b>Long term liabilities:</b>	
General obligation bonds & capital leases (net of current portion)	3,998,139
Total Liabilities	\$ 4,954,578
<b>EQUITY</b>	
Contributed capital	\$ 9,611,820
<b>Retained earnings:</b>	
Reserved for future projects	\$ 971,530
Unreserved	6,021,342
Total retained earnings	\$ 6,992,872
Total fund equity	\$ 16,604,692
Total liabilities and equity	\$ 21,559,270

**Water and Sewer Fund**  
**Statement of Revenues, Expenses and Changes in Retained Earnings**  
**Year Ended June 30, 2001**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Operating revenues:			
Sale of services, commodities and properties:			
Sewer service charges	\$ 1,865,000	\$ 1,904,681	\$ 39,681
Sale of water	1,149,600	1,153,586	3,986
Sale of materials and supplies	8,000	19,293	11,293
Late payment charges	30,000	32,790	2,790
Installation fees	10,000	3,088	(6,912)
Transfer fees	7,700	7,936	236
Reconnection fees	3,000	1,680	(1,320)
Total sale of services, commodities and properties	\$ 3,073,300	\$ 3,123,054	\$ 49,754
Miscellaneous revenue:			
Recoveries and rebates	\$ 5,000	\$ 1,113	\$ (3,887)
Miscellaneous receipts	750	825	75
Total miscellaneous revenue	\$ 5,750	\$ 1,938	\$ (3,812)
Total operating revenue	\$ 3,079,050	\$ 3,124,992	\$ 45,942
Operating expenses:			
Source of supply:			
Salary of superintendent	\$ 32,132	\$ 33,240	\$ (1,108)
Salaries of plant operators	133,077	128,414	4,663
Wages and extra help	32,000	40,800	(8,800)
Fringe benefits	67,214	63,481	3,733
Repairs and maintenance--contractual	16,600	15,991	609
Maintenance service contracts	42,052	26,759	15,293
Advertising	250	215	35
Uniform rental	728	784	(56)
Payments on contracts	8,400	1,525	6,875
Permit fees	6,100	5,872	228
Vehicle expenses	2,000	788	1,212
Lease of equipment	800	520	280
Electric current	70,000	67,715	2,285
Postage	0	45	(45)
Communication	1,400	1,336	64
Fire insurance	3,400	3,226	174
General liability insurance	4,500	4,795	(295)
Laboratory supplies	5,500	4,404	1,096
Repairs--buildings and grounds	2,500	6,421	(3,921)
Gasoline, grease & oil	200	53	147
Repair parts--plant and equipment	7,600	6,953	647
Wearing apparel	500	381	119
Materials and supplies	3,000	2,124	876
Chemical supplies	35,898	43,109	(7,211)



**Water and Sewer Fund**  
**Statement of Revenues, Expenses and Changes in Retained Earnings**  
**Year Ended June 30, 2001 (Continued)**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Source of supply: (continued)			
Small tools	\$ 500	\$ 582	\$ (82)
Travel	800	488	312
Training	550	291	259
Memberships and dues	600	248	352
Total source of supply	\$ 4,830	\$ 460,560	\$ 11,741
Transmission and distribution:			
Salary of water and sewer superintendent	\$ 53,467	\$ 53,097	\$ 370
Wages and extra help	146,380	158,618	(12,238)
Fringe benefits	75,221	65,963	9,258
Repairs and maintenance--contractual	6,600	5,692	908
Maintenance service contracts	600	1,100	(500)
Advertising	300	186	114
Uniform rental	1,274	1,109	165
Vehicle expenses	20,000	15,402	4,598
Postage	0	22	(22)
Lease of equipment	1,565	2,070	(505)
Communication	3,900	4,781	(881)
General liability insurance	5,700	6,074	(374)
Wearing apparel	1,175	2,144	(969)
Materials and supplies	22,820	17,510	5,310
Small tools	600	2,590	(1,990)
Travel	300	174	126
Training	600	68	532
Total transmission and distribution	\$ 340,502	\$ 336,600	\$ 3,902
Meter reading:			
Wages and extra help	\$ 88,043	\$ 83,514	\$ 4,529
Fringe benefits	26,622	33,497	(6,875)
Repairs and maintenance--contractual	1,500	700	800
Maintenance service contracts	1,415	1,588	(173)
Printing	0	211	(211)
Advertising	450	26	424
Uniform rental	546	684	(138)
Vehicle expenses	6,000	4,612	1,388
Lease of equipment	311	604	(293)
Postage	100	186	(86)
Communication	800	719	81
General liability insurance	3,000	3,191	(191)
Office supplies	260	535	(275)
Wearing apparel	550	453	97
Meters and supplies	47,250	42,789	4,461
Materials and supplies	3,000	15,838	(12,838)
Tools	300	149	151
Travel	360	627	(267)

**Water and Sewer Fund**  
**Statement of Revenues, Expenses and Changes in Retained Earnings**  
**Year Ended June 30, 2001 (Continued)**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Meter reading: (continued)			
Training	\$ 1,200	\$ 378	\$ 822
Memberships and dues	50	30	20
Total meter reading	\$ 181,757	\$ 190,403	\$ (8,646)
Wastewater Treatment Operation:			
Salary of superintendent	\$ 32,132	\$ 30,731	\$ 1,401
Salary of plant operators	210,820	209,603	1,217
Salary of plant maintenance mechanic	71,510	71,887	(377)
Wages and extra help	40,000	33,354	6,646
Fringe benefits	111,695	107,981	3,714
Professional services	7,500	0	7,500
Repairs and maintenance--contractual	109,701	99,980	9,721
Maintenance contracts	3,256	722	2,534
Advertising	750	188	562
Uniform rental	360	409	(49)
Payments on contracts	30,540	22,811	7,729
Laboratory testing services	7,110	6,024	1,086
Pretreatment testing	6,000	0	6,000
Vehicle expenses	5,000	4,077	923
Lease of equipment	1,700	949	751
Electric current	88,000	94,912	(6,912)
Fuel	10,000	17,647	(7,647)
Communications	3,400	2,820	580
Fire insurance	6,000	5,692	308
General liability insurance	9,000	9,591	(591)
Postage	0	53	(53)
Laboratory supplies	4,000	4,520	(520)
Repairs--buildings and grounds	2,200	3,299	(1,099)
Gasoline, grease and oil	4,500	5,622	(1,122)
Repair parts--equipment	15,000	27,720	(12,720)
Wearing apparel	1,200	1,248	(48)
Materials and supplies	4,000	5,430	(1,430)
Chemical supplies	134,245	117,755	16,490
Tools	800	1,436	(636)
Travel	1,200	4,744	(3,544)
Training	1,000	163	837
Memberships and dues	875	288	587
Total wastewater treatment operation	\$ 923,494	\$ 891,656	\$ 31,838

**Water and Sewer Fund**  
**Statement of Revenues, Expenses and Changes in Retained Earnings**  
**Year Ended June 30, 2001 (Continued)**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Public utilities administration:			
Salary of town manager	\$ 19,329	\$ 19,242	\$ 87
Salary of utilities director	38,246	38,208	38
Salary of secretary	25,541	25,591	(50)
Salary of account clerks	69,927	56,919	13,008
Public utilities technician	48,045	49,504	(1,459)
Salary of project engineer	15,966	11,484	4,482
Salary of finance director	16,220	16,239	(19)
Salary deputy finance director	18,930	18,877	53
Wages and extra help	6,000	8,831	(2,831)
Fringe benefits	86,312	69,516	16,796
Professional services	68,757	63,049	5,708
Professional services -- legal fees	10,000	608	9,392
Professional services -- recording costs	250	17	233
Repairs and maintenance--contractual	800	223	577
Maintenance contracts	5,179	5,951	(772)
Printing	5,000	5,957	(957)
Advertising	700	759	(59)
Lease of equipment	218	234	(16)
Postage	11,400	10,643	757
Communication	5,200	5,699	(499)
Surety bond	690	385	305
General liability insurance	4,000	4,263	(263)
Office supplies	4,000	4,090	(90)
Wearing Apparel	100	145	(45)
Subscriptions	530	1,580	(1,050)
Travel	2,100	1,350	750
Training	5,210	2,546	2,664
Memberships and dues	600	1,280	(680)
Furniture and equipment	21,800	8,483	13,317
Total public utilities administration	\$ 491,050	\$ 431,673	\$ 59,377
Capital outlay:			
Machinery/equipment	\$ 25,912	\$ 0	\$ 25,912
Sewer plant improvements	24,000	0	24,000
Sewer line rehabilitation	360,500	0	360,500
Water line replacement	223,597	0	223,597
Total capital outlay	\$ 634,009	\$ 0	\$ 634,009
Depreciation	\$ 0	\$ 787,779	\$ (787,779)
Amortization of bond issue costs	0	8,856	(8,856)
Total operating expenses	\$ 3,049,113	\$ 3,107,527	\$ (58,414)
Net operating income	\$ 29,937	\$ 17,465	\$ (12,472)

## Water and Sewer Fund

## Statement of Revenues, Expenses and Changes in Retained Earnings

Year Ended June 30, 2001 (Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Non-operating revenues (expenses):			
Interest revenue	\$ 70,000	\$ 137,333	67,333
Rental revenue	36,700	103,207	66,507
Loss on Disposition of Assets	0	(1,538)	(1,538)
Water/sewer connection fees	507,825	1,490,600	982,775
Interest expense	(804,893)	(230,695)	574,198
Service charges	(750)	(443)	307
	<u>          </u>	<u>          </u>	<u>          </u>
Net non-operating revenues (expenses)	\$ (191,118)	\$ 1,498,464	\$ 1,689,582
	<u>          </u>	<u>          </u>	<u>          </u>
Net income (loss)	\$ (161,181)	\$ 1,515,929	\$ 1,677,110
Add depreciation on fixed assets acquired by grants	0	315,114	315,114
	<u>          </u>	<u>          </u>	<u>          </u>
Net income (loss)	\$ (161,181)	\$ 1,831,043	\$ 1,992,224
Retained earnings, beginning of year	116,671	5,161,829	5,045,158
	<u>          </u>	<u>          </u>	<u>          </u>
Retained earnings, end of year	\$ (44,510)	\$ 6,992,872	\$ 7,037,382
	<u>          </u>	<u>          </u>	<u>          </u>

**Water and Sewer Fund**  
**Statement of Cash Flows**  
**Year Ended June 30, 2001**

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Cash flows from operating activities:	
Operating income (loss)	\$ 17,465
Adjustments to reconcile operating income with net cash provided by operating activities:	
Depreciation	787,779
Amortization	8,856
(Increase) decrease in accounts receivable	(34,760)
(Increase) decrease in notes receivable	52,017
(Increase) decrease in inventory	(332)
Increase (decrease) in accounts payable	32,589
Increase (decrease) in accrued leave	(4,276)
Increase (decrease) in payable from restricted assets	240
Increase (decrease) in accrued general obligation bond interest	(7,678)
Net cash provided by operating activities	\$ 851,900
Cash flows from capital and related financing activities:	
Repayment of long term debt	\$ (566,040)
Interest and related payments on long-term debt	(231,138)
Purchase of fixed assets	(617,846)
Capital contributions from customers - tap fees	1,490,600
Net cash used in financing activities	\$ 75,576
Cash flows from investing activities:	
Investment income	\$ 137,333
Rental income	103,207
Net cash provided by investing activities	240,540
Net increase in cash	\$ 1,168,016
Cash and cash equivalents at beginning of year	3,084,173
Cash and cash equivalents at end of year	\$ 4,252,189

**Cemetery Fund**  
**Balance Sheet**  
**At June 30, 2001**

<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 41,390
Total current assets	\$ 41,390
Fixed assets	
Land	\$ 5,500
Buildings	3,997
Equipment	44,342
Sub-total	\$ 53,839
Less accumulated depreciation	37,509
Total fixed assets	\$ 16,330
Total assets	\$ 57,720
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 2,639
Accrued leave payable	3,150
Total liabilities	\$ 5,789
<b>EQUITY</b>	
Retained earnings:	
Reserve for future projects	\$ 5,000
Unreserved	46,931
Total retained earnings	\$ 51,931
Total liabilities and equity	\$ 57,720

**Cemetery Fund  
Statement of Revenues, Expenses and Changes in Retained Earnings  
Year Ended June 30, 2001**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavor.)</b>
Operating revenues:			
Burial permits	\$ 15,000	\$ 18,750	\$ 3,750
Sale of cemetery lots	1,050	1,200	150
Sale of perpetual care	150	300	150
Miscellaneous receipts	0	45	45
Total operating revenues	\$ 16,200	\$ 20,295	\$ 4,095
Operating expenses:			
Maintenance of buildings and grounds:			
Wages and other help	\$ 57,486	\$ 52,055	\$ 5,431
FICA expense	4,398	3,712	686
Retirement	5,831	4,759	1,072
Hospitalization insurance	10,037	5,633	4,404
Miscellaneous benefits	500	1,717	(1,217)
Worker's Compensation	1,400	1,358	42
Contractual services	1,500	6,941	(5,441)
Uniform service	364	401	(37)
Payments on contracts	1,000	455	545
Vehicle/equipment expenses	4,625	5,760	(1,135)
Electric current	120	223	(103)
Fuel	800	1,359	(559)
Fire insurance	40	38	2
General liability insurance	17	18	(1)
Agricultural supplies	300	76	224
Repairs-buildings and grounds	350	0	350
Wearing apparel	204	87	117
Tools	100	81	19
Materials and supplies	1,000	475	525
Depreciation	0	3,271	(3,271)
Total operating expenses	\$ 90,072	\$ 88,419	\$ 1,653
Operating income (loss)	\$ (73,872)	\$ (68,124)	\$ 5,748
Non-operating revenues (expenses):			
Interest revenue	\$ 20,000	\$ 20,086	\$ 86
Net income (loss) before operating transfers	\$ (53,872)	\$ (48,038)	\$ 5,834
Operating transfers in	53,872	0	(53,872)
Net income (loss)	\$ 0	\$ (48,038)	\$ (48,038)
Retained earnings, beginning of year	0	99,969	99,969
Retained earnings, end of year	\$ 0	\$ 51,931	\$ 51,931

**Cemetery Fund  
Statement of Cash Flows  
Year Ended June 30, 2001**

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Cash flows from operating activities:	
Operating income (loss)	\$ (68,124)
Adjustments to reconcile operating income with net cash used in operating activities:	
Depreciation	3,271
(Increase) decrease in accrued interest receivable	251
Increase (decrease) in accounts payable	133
Increase (decrease) in accrued leave	<u>1,185</u>
Net cash used in operating activities	\$ <u>(63,284)</u>
Cash flows from investing activities:	
Investment income	\$ <u>20,086</u>
Net decrease in cash	\$ (43,198)
Cash and cash equivalents at beginning of year	<u>84,588</u>
Cash and cash equivalents at end of year	\$ <u><u>41,390</u></u>



## **AGENCY FUNDS**

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Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

Fiduciary Funds  
Combining Balance Sheet  
At June 30, 2001

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	<u>Agency</u>	<u>Retirement Fund</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash	\$ <u>51,020</u>	\$ <u>7,612</u>	\$ <u>58,632</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ <u>51,020</u>	\$ <u>7,612</u>	\$ <u>58,632</u>

Agency Funds  
Statement of Changes in Assets and Liabilities  
Year Ended June 30, 2001

	Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
<b>AGENCY FUND</b>				
Assets:				
Cash	\$ 78,430	\$ 0	\$ 27,410	\$ 51,020
Liabilities:				
Accounts payable	\$ 78,430	\$ 0	\$ 27,410	\$ 51,020
<b>RETIREMENT FUND</b>				
Assets:				
Cash	\$ 2,047	\$ 5,565	\$ 0	\$ 7,612
Liabilities:				
Accounts payable	\$ 2,047	\$ 5,565	\$ 0	\$ 7,612
<b>TOTALS-ALL AGENCY FUNDS</b>				
Assets:				
Cash	\$ 80,477	\$ 5,565	\$ 27,410	\$ 58,632
Liabilities:				
Accounts payable	\$ 80,477	\$ 5,565	\$ 27,410	\$ 58,632

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## **ACCOUNT GROUPS**

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General Fixed Assets Account Group - Fixed assets used in governmental type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in the governmental funds. No depreciation has been provided on general fixed assets.

**Schedule of General Fixed Assets--By Source  
At June 30, 2001**

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General fixed assets:	
Land and buildings	\$ 4,273,439
Furniture and equipment	1,338,554
Vehicles	<u>1,172,648</u>
Total general fixed assets	\$ <u><u>6,784,641</u></u>
Investment in general fixed assets by source:	
General fund	\$ 5,653,672
Special revenue fund	723,177
Donations	<u>407,792</u>
Total investments in general fixed assets	\$ <u><u>6,784,641</u></u>

**Schedule of General Fixed Assets--By Function and Activity**  
**At June 30, 2001**

<b>Function and Activity</b>	<b>Land and Buildings</b>	<b>Furniture and Equipment</b>	<b>Vehicles</b>	<b>Total</b>
General Government:				
Legislation	\$ 0	\$ 14,540	\$ 0	\$ 14,540
General Administration	633,759	360,112	0	993,871
Financial Administration	0	31,949	0	31,949
Total General Government	\$ 633,759	\$ 406,601	\$ 0	\$ 1,040,360
Public Safety:				
Police	\$ 418,500	\$ 287,538	\$ 455,920	\$ 1,161,958
Inspections	0	3,495	39,160	42,655
Total Public Safety	\$ 418,500	\$ 291,033	\$ 495,080	\$ 1,204,613
Public Works:				
Maintenance	\$ 2,045,845	\$ 459,461	\$ 447,634	\$ 2,952,940
Sanitation	0	0	229,934	229,934
Total Public Works	\$ 2,045,845	\$ 459,461	\$ 677,568	\$ 3,182,874
Community Development	\$ 1,175,335	\$ 181,459	\$ 0	\$ 1,356,794
Total general fixed assets	\$ 4,273,439	\$ 1,338,554	\$ 1,172,648	\$ 6,784,641

**Schedule of Changes in General Fixed Assets--By Function and Activity**  
**For Year Ended June 30, 2001**

<b>Function and Activity</b>	<b>General Fixed Assets July 1, 2000</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>General Fixed Assets June 30, 2001</b>
General Government:					
Legislation	\$ 14,540	\$ 0	\$ 0	\$ 0	\$ 14,540
General Administration	940,624	63,930	10,683	0	993,871
Financial Administration	32,607	0	658	0	31,949
Total General Government	\$ 987,771	\$ 63,930	\$ 11,341	\$ 0	\$ 1,040,360
Public Safety:					
Police	\$ 1,412,200	\$ 168,258	\$ 418,500	\$ 0	\$ 1,161,958
Inspections	42,655	0	0	0	42,655
Total Public Safety	\$ 1,454,855	\$ 168,258	\$ 418,500	\$ 0	\$ 1,204,613
Public Works:					
Maintenance	\$ 2,975,252	\$ 12,414	\$ 34,726	\$ 0	\$ 2,952,940
Sanitation	229,934	0	0	0	229,934
Total Public Works	\$ 3,205,186	\$ 12,414	\$ 34,726	\$ 0	\$ 3,182,874
Community Development	\$ 1,343,927	\$ 12,867	\$ 0	\$ 0	\$ 1,356,794
Total general fixed assets	\$ 6,991,739	\$ 257,469	\$ 464,567	\$ 0	\$ 6,784,641



## **Supporting Schedules**

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**Governmental Funds**  
**Schedule of Revenues - Budget and Actual**  
**Year Ended June 30, 2001**

<b>Fund, Major and Minor Revenue Source</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavor.)</b>
<b>GENERAL FUND:</b>			
Revenue from local sources:			
General property taxes:			
Real property taxes	\$ 548,396	\$ 428,096	\$ (120,300)
Public service corporation taxes:			
Real and personal	20,000	12,900	(7,100)
Personal property taxes	749,000	731,314	(17,686)
Delinquent	30,000	0	(30,000)
Penalties	24,000	24,288	288
Interest	20,000	14,714	(5,286)
Total general property taxes	\$ 1,391,396	\$ 1,211,312	\$ (180,084)
Other local taxes:			
Local sales tax	\$ 197,500	\$ 275,335	\$ 77,835
Electrical utility taxes	245,000	236,994	(8,006)
Natural gas utility taxes	104,000	123,102	19,102
Telephone utility tax	300,000	551,914	251,914
Business, prof occupational licenses	550,008	923,169	373,161
Meal tax	843,577	1,082,000	238,423
Transient occupancy tax	95,000	121,620	26,620
Motor vehicle licenses	100,000	129,051	29,051
Bank franchise taxes	340,000	406,642	66,642
Utilities/Cable TV franchise fee	90,000	122,366	32,366
Cigarette tax	225,000	218,865	(6,135)
Total other local taxes	\$ 3,090,085	\$ 4,191,058	\$ 1,100,973
Licenses, permits and privilege fees:			
Taxi driver permits	\$ 100	\$ 210	\$ 110
Building and related permits	45,000	86,465	41,465
Sign permits	3,000	2,454	(546)
Zoning appeals fees	300	1,500	1,200
Rezoning fees	3,000	5,109	2,109
Site development fees	15,000	63,844	48,844
Subdivision fees	2,000	35,676	33,676
Zoning fees	1,000	1,400	400
Review and inspection fees	5,000	2,298	(2,702)
Electrical permits	1,500	1,899	399
Utility construction permits	1,000	1,140	140
Zoning permits	3,000	6,375	3,375
Court recovery fees	10	0	(10)
Certificate of occupancy permit	4,000	5,850	1,850
Total licenses, permits and privilege fees	\$ 83,910	\$ 214,220	\$ 130,310
Fines and Forfeitures:			
Court fines and forfeitures	\$ 65,000	\$ 60,628	\$ (4,372)
Parking fines	16,000	13,180	(2,820)
Total fines and forfeitures	\$ 81,000	\$ 73,808	\$ (7,192)
Revenue from use of money and property:			
Interest on bank deposits	\$ 250,000	\$ 454,663	\$ 204,663
Rental income	3,367	3,742	375
Total revenue from use of money and property	\$ 253,367	\$ 458,405	\$ 205,038

## Governmental Funds

Schedule of Revenues - Budget and Actual  
Year Ended June 30, 2001 (Continued)

Fund, Major and Minor Revenue Source	Budget	Actual	Variance Favorable (Unfavor.)
GENERAL FUND: (Continued)			
Miscellaneous revenue:			
Telephone commission	\$ 775	\$ 369	\$ (406)
Sale of materials and supplies	300	1,567	1,267
Proffers	9,216	104,856	95,640
Sale of salvage and surplus	5,000	883	(4,117)
Sale of plastic bags	5,000	4,306	(694)
Sale of printed materials	1,500	2,507	1,007
Sale of real property	0	798,097	798,097
Donations	0	17,407	17,407
Recycling income	3,000	6,885	3,885
Miscellaneous	2,500	5,907	3,407
Total miscellaneous income	\$ 27,291	\$ 942,784	\$ 915,493
Recovered costs:			
Recoveries and rebates	\$ 25,000	\$ 24,285	\$ (715)
Total revenue from local sources	\$ 4,952,049	\$ 7,115,872	\$ 2,163,823
Revenue from the Commonwealth:			
Non-categorical aid:			
ABC profits	\$ 19,218	\$ 21,820	\$ 2,602
Motor vehicle rental tax	35,000	66,588	31,588
PPIRA	0	277,246	277,246
Rolling stock tax	0	65	65
Total non-categorical aid	\$ 54,218	\$ 365,719	\$ 311,501
Categorical aid:			
Litter control	\$ 2,200	\$ 2,692	\$ 492
DJCP law enforcement grant	153,742	142,710	(11,032)
Bluemont series grant	\$ 5,000	\$ 5,000	\$ 0
Street & highway maintenance	680,318	702,607	22,289
Loudoun transit	0	37,038	37,038
Other	13,600	8,718	(4,882)
Fire program	6,900	7,075	175
Total Categorical aid	\$ 861,760	\$ 905,840	\$ 44,080
Total Revenue from Commonwealth	\$ 915,978	\$ 1,271,559	\$ 355,581
Revenue from the Federal Government:			
Transportation safety	\$ 0	\$ 4,770	\$ 4,770
Sexual assault incentive grant	0	0	0
Total Revenue from Federal Government	\$ 0	\$ 4,770	\$ 4,770
Total General Fund	\$ 5,868,027	\$ 8,392,201	\$ 2,524,174

**Governmental Funds**  
**Schedule of Expenditures - Budget and Actual**  
**Year Ended June 30, 2001**

<b>Fund, Function, Activity and Elements</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavor.)</b>
<b>GENERAL FUND:</b>			
Legislation department:			
Salary--mayor	\$ 4,800	\$ 4,800	\$ 0
Salaries--council	16,800	16,800	0
Salary recorder	26,564	26,652	(88)
Salaries--extra help	2,000	3,607	(1,607)
Fringe benefits	14,818	13,631	1,187
Professional services	3,000	5,018	(2,018)
Maintenance contracts	560	968	(408)
Printing	6,615	7,654	(1,039)
Advertising	1,000	1,939	(939)
Microfilm records	2,142	2,142	0
Postage	2,400	2,541	(141)
Communication	900	549	351
Surety Bond	36	11	25
Public officials liability insurance	600	364	236
General liability insurance	20	21	(1)
Lease of equipment	800	1,152	(352)
Office supplies	1,500	1,502	(2)
Travel	8,700	5,641	3,059
Public relations	500	0	500
Training	600	81	519
Membership and dues	135	160	(25)
Furniture and fixtures	150	341	(191)
Total legislative department	\$ 94,640	\$ 95,574	\$ (934)
Executive department:			
Salaries--town manager	\$ 77,314	\$ 77,476	\$ (162)
Salaries--secretary	26,564	26,541	23
Salaries--extra help	1,400	1,884	(484)
Fringe benefits	41,056	42,956	(1,900)
Maintenance service contracts	710	1,011	(301)
Printing	100	0	100
Lease of equipment	1,080	1,148	(68)
Postage	500	259	241
Communication	1,000	867	133
Surety bond	150	47	103
Public officials liability insurance	500	303	197
General liability insurance	30	32	(2)
Office supplies	500	553	(53)
Subscriptions	900	1,436	(536)
Travel	4,000	3,738	262

## Governmental Funds

Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2001 (continued)

Fund, Function, Activity and Elements	Budget	Actual	Variance Favorable (Unfavor.)
GENERAL FUND: (Continued)			
General Government Administration: (continued)			
Executive department: (continued)			
Training	\$ 600	\$ 1,067	\$ (467)
Memberships and dues	1,600	1,007	593
Furniture and fixtures	500	341	159
Total executive department	\$ 158,504	\$ 160,666	\$ (2,162)
Legal services:			
Salary--attorney	\$ 2,400	\$ 2,400	\$ 0
Fringe benefits	190	184	6
Professional services	100,000	125,016	(25,016)
General liability insurance	30	32	(2)
Subscriptions	200	316	(116)
Travel	500	310	190
Memberships and dues	250	250	0
Total legal services	\$ 103,570	\$ 128,508	\$ (24,938)
Finance Department:			
Salaries--finance director	\$ 64,882	\$ 64,994	\$ (112)
Salaries--deputy finance director	44,171	44,132	39
Salaries--account clerks	12,623	55,588	17,035
Wages and Extra help	6,000	9,511	(3,511)
Fringe benefits	61,194	64,231	(3,037)
Professional services	1,000	2,655	(1,655)
Independent auditors	12,000	12,000	0
Repairs and maintenance--contractual	500	1,397	(897)
Printing	8,804	6,608	2,196
Advertising	2,400	2,069	331
Recording costs	750	1,169	(419)
Postage	7,000	9,891	(2,891)
Communication	4,000	2,666	1,334
Surety bond	1,260	1,072	188
Public Officials liability insurance	840	510	330
General liability insurance	60	64	(4)
Office supplies	5,500	2,744	2,756
Service charges	1,750	1,768	(18)
Subscriptions	770	2,557	(1,787)
Motor vehicle licenses	1,100	1,207	(107)
Travel	1,400	291	1,109
Training	1,500	291	1,209
Memberships and dues	600	783	(183)
Furniture and fixtures	1,000	781	219
Total finance department	\$ 301,104	\$ 288,979	\$ 12,125

**Governmental Funds**  
**Schedule of Expenditures - Budget and Actual**  
**Year Ended June 30, 2001 (continued)**

<b>Fund, Function, Activity and Elements</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavor.)</b>
GENERAL FUND: (Continued)			
General Government Administration: (continued)			
Memberships and Dues:			
Virginia municipal league	\$ 2,806	\$ 2,436	\$ 370
VA institute of government	500	500	0
VA innovation group	750	750	0
Total memberships and dues	\$ 4,056	\$ 3,686	\$ 370
Data Processing Department:			
Wages and Extra help	\$ 5,000	\$ 1,519	\$ 3,481
Fringe benefits	382	150	232
Professional services	52,179	43,174	9,005
Contractual repair	1,200	43	1,157
Maintenance contracts	6,450	5,999	451
Communication	3,840	3,323	517
Travel	500	0	500
Training	4,400	1,894	2,506
Office supplies	1,400	1,468	(68)
Subscriptions	1,000	374	626
Data processing equipment	31,980	53,544	(21,564)
Total data processing department	\$ 108,331	\$ 111,488	\$ (3,157)
Total general government administration	\$ 770,205	\$ 788,901	\$ (18,696)
Public Safety:			
Department of Police:			
Salary--chief of police	\$ 63,550	\$ 63,009	\$ 541
Salary--lieutenant	48,415	48,455	(40)
Salary--secretary	71,884	70,772	1,112
Salaries--sergeants	233,194	240,260	(7,066)
Salaries--patrolmen	336,518	314,944	21,574
Officer comp time	25,000	47,301	(22,301)
Salary--investigators	135,881	135,952	(71)
Salary--community resource officer	51,605	51,605	0
Wages and extra help	39,500	18,485	21,015
Fringe benefits	337,854	316,275	21,579
Professional services	7,900	3,869	4,031
Repairs and maintenance--contractual	9,000	1,680	7,320
Maintenance service contracts	5,328	6,382	(1,054)
Printing	5,000	4,773	227
Advertising	800	2,193	(1,393)
Board and care of prisoners	1,500	2,230	(730)
Vehicle expenses	60,000	75,688	(15,688)
Lease of equipment	4,210	3,227	983
Postage	1,400	1,230	170
Communication	9,000	9,420	(420)
Surety bond	700	218	482
Professional liability insurance	7,000	4,248	2,752
Office supplies	3,500	3,491	9
Police supplies	6,393	6,120	273
Wearing apparel	8,160	5,804	2,356
Subscriptions	500	261	239

**Governmental Funds**  
**Schedule of Expenditures - Budget and Actual**  
**Year Ended June 30, 2001 (continued)**

<b>Fund, Function, Activity and Elements</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavor.)</b>
GENERAL FUND: (Continued)			
Public Safety: (Continued)			
Department of Police: (continued)			
Narcotics Fund	\$ 2,000	\$ 0	\$ 2,000
Materials and supplies	10,400	7,174	3,226
Travel	3,500	2,171	1,329
Training	11,000	7,763	3,237
Memberships and dues	500	410	90
Furniture and fixtures	1,050	1,818	(768)
E-911 System Contribution	13,666	16,781	(3,115)
Data processing equipment	0	5,942	(5,942)
Motor vehicles	55,000	172,566	(117,566)
Grant expenditures	19,937	14,827	5,110
Total department of police	\$ 1,590,845	\$ 1,667,344	\$ (76,499)
Fire and Rescue Services:			
Salary--fireman	\$ 46,185	\$ 33,348	\$ 12,837
Salary--fire marshall	7,000	7,478	(478)
Fringe benefits	13,998	8,530	5,468
Professional services	0	164	(164)
Contribution fire department	16,608	18,528	(1,920)
Fire program	6,876	7,075	(199)
General liability insurance	4	4	0
Wearing apparel	800	2,850	(2,050)
Contribution - rescue squad	24,608	26,528	(1,920)
Travel	850	202	648
Memberships and dues	100	0	100
Communication equipment	4,000	3,674	326
Total fire and rescue services	\$ 121,029	\$ 108,381	\$ 12,648
Bureau of building inspections:			
Salaries--building inspectors	\$ 109,709	\$ 107,903	\$ 1,806
Wages and extra help	3,000	5,937	(2,937)
Fringe benefits	37,408	36,598	810
Maintenance contracts	300	702	(402)
Printing	300	181	119
Uniform rental	325	381	(56)
Vehicle expenses	4,000	3,876	124
Lease of equipment	400	468	(68)
Postage	300	105	195
Communication	1,665	1,685	(20)
General liability insurance	25	27	(2)
Office supplies	525	220	305
Wearing apparel	300	75	225
Subscriptions	1,200	945	255



**Governmental Funds**  
**Schedule of Expenditures - Budget and Actual**  
**Year Ended June 30, 2001 (continued)**

<b>Fund, Function, Activity and Elements</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavor.)</b>
GENERAL FUND: (Continued)			
Public Safety: (Continued)			
Bureau of building inspections: (continued)			
Materials and supplies	\$ 400	\$ 235	\$ 165
Tools	450	166	284
Travel	1,000	1,976	(976)
Training	1,000	508	492
Memberships and dues	400	312	88
Furniture and fixtures	300	0	300
Engineering equipment	200	0	200
Total bureau of building inspections	\$ 163,207	\$ 162,300	\$ 907
Total public safety	\$ 1,875,081	\$ 1,938,025	\$ (62,944)
Public works administration:			
Salary-public works director	\$ 38,246	\$ 38,360	\$ (114)
Salary-public works superintendent	55,540	55,806	(266)
Salary-secretary	53,757	50,848	2,909
Salary--project engineer	23,950	19,597	4,353
Wages and extra help	2,500	1,159	1,341
Fringe benefits	56,880	55,787	1,093
Professional services	14,600	18,452	(3,852)
Contractual repairs	200	142	58
Maintenance contracts	2,000	3,028	(1,028)
Printing	250	151	99
Advertising	1,000	2,610	(1,610)
Vehicle expenses	1,500	0	1,500
Postage	1,000	759	241
Communication	3,000	1,884	1,116
Surety bond	75	23	52
General liability insurance	60	64	(4)
Lease of equipment	321	325	(4)
Office supplies	1,500	1,484	16
Engineering supplies	400	0	400
Subscriptions	100	199	(99)
Travel	600	585	15
Training	1,200	608	592
Memberships and dues	350	139	211
Furniture and fixtures	225	60	165
Total public works administration	\$ 259,254	\$ 252,070	\$ 7,184
Bureau of street maintenance:			
Wages and other help	\$ 253,609	\$ 243,670	\$ 9,939
Fringe benefits	167,555	142,043	25,512

**Governmental Funds**  
**Schedule of Expenditures - Budget and Actual**  
**Year Ended June 30, 2001 (continued)**

<b>Fund, Function, Activity and Elements</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavor.)</b>
GENERAL FUND: (Continued)			
Public works administration: (Continued)			
Bureau of street maintenance: (continued)			
Professional services	\$ 400	\$ 92	\$ 308
Contractual repairs and maintenance	0	8	(8)
Uniform rental	2,730	2,544	186
Vehicle/equipment expenses	9,400	40,687	(31,287)
Lease of equipment	1,763	5,088	(3,325)
Electric current	32,500	41,338	(8,838)
Wearing apparel	2,500	2,193	307
Materials and supplies	7,300	3,886	3,414
Chemical supplies	500	1,195	(695)
Food	200	0	200
Small tools	900	987	(87)
Travel	600	81	519
Training	500	68	432
Replace trash receptacles	1,000	814	186
Equipment	8,000	2,230	5,770
Driveway culverts	700	0	700
Total bureau of street maintenance	\$ 490,157	\$ 486,924	\$ 3,233
Arterial Street Maintenance:			
Wages and extra help	\$ 67,000	\$ 40,902	\$ 26,098
Fringe benefits	5,126	3,018	2,108
Contractual services	7,000	9,845	(2,845)
Payments on contracts	13,300	4,301	8,999
Vehicle/equipment expenses	93,000	78,590	14,410
Electric current	36,000	43,714	(7,714)
Lease of equipment	600	98	502
Repair parts--signal equipment	800	1,019	(219)
Materials and supplies	15,000	6,794	8,206
Chemical supplies	16,825	12,862	3,963
Food	200	167	33
Replace street name signs	5,242	6,071	(829)
Replace traffic signs	1,200	2,141	(941)
Sidewalk, curb and gutter	9,200	13,000	(3,800)
Street improvements and paving	37,441	38,456	(1,015)
Total arterial street maintenance	\$ 307,934	\$ 260,978	\$ 46,956
Collector Street Maintenance:			
Wages and extra help	\$ 58,000	\$ 38,954	\$ 19,046
Fringe benefits	4,437	3,028	1,409
Payments on contracts	3,000	11,544	(8,544)

Governmental Funds  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2001 (continued)

Fund, Function, Activity and Elements	Budget	Actual	Variance Favorable (Unfavor.)
GENERAL FUND: (Continued)			
Public works administration: (Continued)			
Collector street maintenance: (continued)			
Vehicle/equipment expenses	\$ 93,000	\$ 72,757	\$ 20,243
Materials and supplies	17,000	10,659	6,341
Chemical supplies	9,980	5,424	4,556
Lease of equipment	500	15	485
Food	400	0	400
Replace street name signs	10,950	6,290	4,660
Replace traffic signs	1,500	488	1,012
Sidewalk, curb and gutter	15,080	18,000	(2,920)
Street improvements and paving	80,813	80,813	0
Total collector street maintenance	\$ 294,660	\$ 247,972	\$ 46,688
Bureau of Refuse Collection:			
Wages and extra help	\$ 172,420	\$ 175,083	\$ (2,663)
Fringe benefits	77,074	68,723	8,351
Uniform rental	1,092	1,149	(57)
Share landfill operation	115,000	132,454	(17,454)
Vehicle/equipment expenses	27,000	23,148	3,852
General liability insurance	375	400	(25)
Purchase of plastic bags	14,000	9,894	4,106
Wearing apparel	600	480	120
Materials and supplies	600	340	260
Total bureau of refuse collection	\$ 408,161	\$ 411,671	\$ (3,510)
Recycling Program:			
Wages & extra help	\$ 40,605	\$ 37,626	\$ 2,979
Fringe benefits	3,106	2,851	255
Printing	100	110	(10)
Advertising	250	0	250
Payments on contracts	31,000	30,276	724
Vehicle expense	5,000	6,723	(1,723)
Purchase of plastic bags	12,000	9,060	2,940
General liability insurance	30	32	(2)
Materials and supplies	800	53	747
Total recycling program	\$ 92,891	\$ 86,731	\$ 6,160
Maintenance, Buildings and Grounds:			
Wages and extra help	\$ 20,854	\$ 21,449	\$ (595)
Fringe benefits	10,350	10,780	(430)
Professional services	0	3,654	(3,654)
Contractual repairs and maintenance	5,000	14,029	(9,029)
Maintenance contracts	8,500	7,362	1,138
Janitorial service	16,000	19,323	(3,323)

## Governmental Funds

Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2001 (continued)

Fund, Function, Activity and Elements	Budget	Actual	Variance Favorable (Unfavor.)
GENERAL FUND: (Continued)			
Public works administration: (Continued)			
Maintenance, Buildings and Grounds: (continued)			
Modification-public works building	\$ 4,000	\$ 3,269	\$ 731
Uniform rental	182	370	(188)
Vehicle/equipment expenses	3,000	2,414	586
Lease of equipment	13,338	9,503	3,835
Lease of buildings	77,886	75,984	1,902
Electric current	22,000	21,216	784
Fuel	9,500	11,511	(2,011)
Communication	6,000	4,167	1,833
Fire insurance	2,000	1,897	103
General liability insurance	50	53	(3)
Repairs, buildings and grounds	1,800	2,834	(1,034)
Repairs, parking lots	2,000	90	1,910
Wearing apparel	97	93	4
Materials and supplies	6,700	5,460	1,240
Training	100	68	32
Furniture and fixtures	4,047	1,730	2,317
Landscaping-parking lot E	1,000	0	1,000
Purchase of property	5,276	5,276	0
Total maintenance, buildings and grounds	\$ 219,680	\$ 222,532	\$ (2,852)
Maintenance Parks:			
Wages and extra help	\$ 5,000	\$ 3,902	\$ 1,098
Fringe benefits	383	341	42
Rady Park maintenance	300	0	300
Electric current	1,500	1,383	117
Fire insurance	20	19	1
Lease of equipment	1,500	4,918	(3,418)
Repairs-building and grounds	5,300	6,707	(1,407)
Materials and supplies	500	611	(111)
Playground equipment	1,891	2,108	(217)
Total maintenance, parks	\$ 16,394	\$ 19,989	\$ (3,595)
Total public works	\$ 2,089,131	\$ 1,988,867	\$ 100,264
Contributions:			
Welfare/Social Services:			
Fauquier Housing	\$ 25,000	\$ 25,000	\$ 0
Fauquier Community Action	7,500	7,500	0
Fauquier Family Shelter Services	6,700	6,700	0
Fauquier Community Child Care	4,500	4,500	0
Fauquier Free Clinic	10,000	10,000	0
Piedmont Dispute Resolution Center	1,000	1,000	0
Contribution-Loudoun Bus Center	0	37,179	(37,179)
Contribution - Habitat for Humanity	22,400	14,962	7,438
Total welfare/social services contributions	\$ 77,100	\$ 106,841	\$ (29,741)

**Governmental Funds**  
**Schedule of Expenditures - Budget and Actual**  
**Year Ended June 30, 2001 (continued)**

<b>Fund, Function, Activity and Elements</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavor.)</b>
GENERAL FUND: (Continued)			
Contributions: (Continued)			
Parks and recreation:			
Bluemont Concert Series	\$ 10,000	\$ 10,000	\$ 0
First Night	3,000	3,000	0
Moving Arts	1,000	1,000	0
Boys and Girls Club	12,000	12,000	0
Parks and recreation	9,250	5,178	4,072
Total parks and recreation contributions	\$ 35,250	\$ 31,178	\$ 4,072
Cultural enrichment:			
Fauquier Historical	\$ 10,000	\$ 10,000	\$ 0
Salute to Lafayette	0	1,892	(1,892)
Afro-American Museum	0	2,000	(2,000)
Veterans Memorial	2,000	2,000	0
Total cultural enrichment	\$ 12,000	\$ 15,892	\$ (3,892)
Total contributions	\$ 124,350	\$ 153,911	\$ (29,561)
Planning and Community Development:			
Planning and Zoning Department:			
Salaries--commission members	\$ 6,300	\$ 6,225	\$ 75
Salaries--town planner	66,291	66,061	230
Salary--community development assistant	14,859	14,695	164
Salary--secretary	32,490	28,375	4,115
Salary--zoning inspector	33,304	33,275	29
Wages and extra help	10,000	13,979	(3,979)
Fringe benefits	45,072	43,808	1,264
Professional services	53,911	59,112	(5,201)
Contractual repairs and maintenance	500	0	500
Maintenance contracts	1,250	295	955
Printing	1,000	53	947
Advertising	2,300	5,345	(3,045)
Microfilm records	667	667	0
Postage	1,100	791	309
Communication	2,300	1,301	999
Surety bonds	150	47	103
General liability insurance	35	37	(2)
Office supplies	2,100	2,515	(415)
Materials and supplies	1,800	60	1,740
Subscriptions	1,000	1,205	(205)
Travel	1,500	1,270	230
Training	1,200	212	988
Contribution--planning district	3,955	3,955	0
Memberships and dues	1,100	563	537
Furniture and fixtures	1,022	1,075	(53)
Total planning and zoning department	\$ 285,206	\$ 284,921	\$ 285
Zoning Appeals Board:			
Advertising	\$ 500	\$ 159	\$ 341
Postage	150	82	68

**Governmental Funds**  
**Schedule of Expenditures - Budget and Actual**  
**Year Ended June 30, 2001 (continued)**

<b>Fund, Function, Activity and Elements</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavor.)</b>
GENERAL FUND: (Continued)			
Planning and Community Development: (Continued)			
Zoning Appeals Board: (continued)			
Travel	\$ 250	\$ 0	\$ 250
Training	750	0	750
Office supplies	50	26	24
Total Zoning Appeals Board	\$ 1,700	\$ 267	\$ 1,433
Architectural Review Board:			
Printing	\$ 200	\$ 0	\$ 200
Advertising	100	55	45
Postage	100	145	(45)
Office supplies	100	239	(139)
Travel	300	49	251
Training	1,100	85	1,015
Memberships and dues	100	200	(100)
Total Architectural Review Board	\$ 2,000	\$ 773	\$ 1,227
Economic Development Department:			
Salary--economic development director	\$ 53,398	\$ 53,148	\$ 250
Salary--community development assistant	14,859	14,744	115
Wages and extra help	4,800	3,567	1,233
Fringe benefits	19,330	19,574	(244)
Professional services	10,000	11,725	(2,725)
Printing	17,000	5,873	11,127
Advertising	14,500	11,950	2,550
Postage	1,550	1,495	55
Communication	2,000	562	1,438
Surety bond	75	23	52
General liability insurance	20	21	(1)
Office supplies	500	644	(144)
Subscriptions	300	832	(532)
Miscellaneous supplies	4,300	1,556	2,744
Travel	2,500	1,998	502
Training	750	644	106
Bike Virginia	1,500	14,133	(12,633)
Memberships and dues	1,425	1,524	(99)
Contribution- Visitor Center	45,000	45,000	0
Contribution - Partnership	24,000	24,000	0
Furniture and fixtures	250	0	250
Total economic development department	\$ 218,057	\$ 209,013	\$ 9,044
Total community development	\$ 506,963	\$ 494,974	\$ 11,989

Governmental Funds  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2001 (continued)

Fund, Function, Activity and Elements	Budget	Actual	Variance Favorable (Unfavor.)
GENERAL FUND: (Continued)			
Capital outlays:			
Light installation	\$ 3,480	\$ 3,480	\$ 0
Town Office renovation	9,229	9,229	0
Recreational facility design	1,556	1,556	0
Eva Walker Park	6,200	6,200	0
Waterloo Road drainage	1,128	1,485	(357)
Wherehouse improvements	1,500	550	950
Moser/Church Street drainage	115,287	85,812	29,475
Academy Hill Park improvements	10,850	16,735	(5,885)
Fifth Street parking lot	1,945	1,945	0
Warrenton Business Park	0	2,505	(2,505)
Traffic signalization	700	3,787	(3,087)
Alexandria Pike/King Street drainage	19,810	24,950	(5,140)
Blackwell Road/Lee Highway intersection	32,500	18,717	13,783
Blackwell Road sidewalk/drainage	76,663	76,663	0
Alexandria Pike sidewalk/drainage	100,000	100,000	0
Lee Street parking lot	0	31,806	(31,806)
Police department acquisition	81,689	91,410	(9,721)
Mosby House	0	42	(42)
Total capital outlays	\$ 462,537	\$ 476,872	\$ (14,335)
Debt service:			
Principal	\$ 13,707	\$ 48,159	\$ (34,452)
Interest and fiscal charges	2,149	7,804	(5,655)
Total debt service	\$ 15,856	\$ 55,963	\$ (40,107)
Total General Fund	\$ 5,844,123	\$ 5,897,513	\$ (53,390)

**Schedule of Director of Finance's Accountability**  
**At June 30, 2001**

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## Assets held by the Treasurer:

Cash on hand	\$	287
Cash in banks:		
Checking:		
Fauquier National Bank		81,135
First Virginia Bank		28,857
Marshall National Bank		30,320
F & M Peoples Bank		(40,868)
Money Market Accounts:		
Suntrust		6,858
Wachovia Bank		13,024
Southern Financial		9,656
Certificates of Deposit:		
Fauquier National Bank		1,552,867
Southern Financial		2,011,217
F & M Peoples National Bank		865,632
F & M People's National Bank-Cash Management Trust		877,184
F & M People's National Bank-Repurchase agreement		519,087
Local Government Investment Pool		6,501,681
US Treasuries Investments		588,769
		<hr/>
Total assets	\$	<u><u>13,045,706</u></u>

## Liabilities of the Director of Finance:

Balance of Town funds (Schedule 4)	\$	<u><u>13,045,706</u></u>
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Schedule of Treasurer's Accountability to the Town  
 All Town Funds  
 At June 30, 2001

	Governmental Fund Type General	Proprietary Fund Type Enterprise	Fiduciary Fund Type Agency	Totals
Balance July 1, 2000	\$ 5,833,777	\$ 3,168,762	\$ 80,477	\$ 9,083,016
Receipts:				
General property taxes	\$ 1,219,454	\$ 0	\$ 0	\$ 1,219,454
Other local taxes	4,122,881	0	0	4,122,881
Permits, privilege fees and regulatory licenses	214,220	0	0	214,220
Fines and forfeitures	73,808	0	0	73,808
Revenue from use of money and property	458,405	157,419	0	615,824
Charges for services	0	5,901,498	0	5,901,498
From other agencies	1,245,590	0	0	1,245,590
Miscellaneous	942,784	1,983	5,565	950,332
Recovered costs	24,285	0	0	24,285
Total receipts	\$ 8,301,427	\$ 6,060,900	\$ 5,565	\$ 14,367,892
Total receipts and balance	\$ 14,135,204	\$ 9,229,662	\$ 86,042	\$ 23,450,908
Disbursements (Net):				
Warrants (checks) issued	\$ 5,385,746	\$ 4,138,905	\$ 27,410	\$ 9,552,061
Principal retirement	48,159	566,040	0	614,199
Interest and fiscal charges	7,804	231,138	0	238,942
Total disbursements	\$ 5,441,709	\$ 4,936,083	\$ 27,410	\$ 10,405,202
Balance, June 30, 2001	\$ 8,693,495	\$ 4,293,579	\$ 58,632	\$ 13,045,706

Note: These receipts and disbursements are recorded on a cash basis. Revenues and expenditures reflected in the other supplementary data and basic financial statements are recorded on the accrual and/or modified accrual basis, except as otherwise noted.

General Fund  
Schedule of Changes in Designated Fund Balance  
Year Ended June 30, 2001

	Balances July 1, 2000	Transfers		Balances June 30, 2001
		In	Out	
Planning department printing	\$ 8,500	\$ 0	\$ 0	\$ 8,500
Economic development labor study	5,800	0	5,800	0
Repairs municipal building	4,059	0	0	4,059
Parking lot improvements	55,946	10,500	0	66,446
Park site improvements	21,669	0	0	21,669
Microfilm records	2,911	1,191	0	4,102
Storm sewers	190,200	0	0	190,200
Main Street sidewalk and street repair	0	273,585	0	273,585
Light installation	28,836	0	0	28,836
Landscaping Rt. 29 bypass	3,450	22,950	0	26,400
Business Park	504,176	203,466	0	707,642
Recreation	390,037	22,103	0	412,140
Highland Proffers	25,998	49,938	0	75,936
SWMM upgrade	15,000	0	0	15,000
Shirley Avenue improvements	111,032		0	111,032
Public Safety Facility	0	568,311	0	568,311
Recreational facility design	20,000	0	1,556	18,444
Winchester Street drainage	75,170	0	0	75,170
Aerial photography	13,500	0	10,000	3,500
Drainage Lee Highway	46,200	0	0	46,200
Haiti St. sidewalk	23,400	0	0	23,400
Town office renovation	115,916	0	9,229	106,687
Wherehouse improvements	14,882	0	0	14,882
Professional services-data processing	16,575	0	16,575	0
Professional services-planning	14,336	0	12,911	1,425
Professional services-comprehensive plan	17,000	0	0	17,000
Van Roijan Street drainage	75,504	0	0	75,504
Moser/Church Street drainage	105,363	0	0	105,363
Alexandria Pike/King Street drainage	15,000	0	0	15,000
Totals	\$ 1,676,682	\$ 1,152,044	\$ 56,071	\$ 3,016,433

Water and Sewer Fund  
 Schedule of Changes in Reserved Retained Earnings  
 Year Ended June 30, 2001

	Balances July 1 2000	Transfers		Balances June 30, 2001
		In	Out	
Water plant improvements	\$ 111,772	\$ 0	\$ 5,709	\$ 106,063
Furniture and fixtures	2,615	0	0	2,615
Lift station upgrade	32,000	0	0	32,000
Lines and services	285,000	0	0	285,000
Sewer rehabilitation	139,800	95,983	0	235,783
Sewer Plant Improvements	92,816	0	39,764	53,052
Building modifications	12,000	0	0	12,000
Professional services-data processing	7,475	0	7,475	0
Professional services-Bathymetric survey	18,000	0	18,000	0
Industrial Park sewage construction	227,017	18,000	0	245,017
Totals	\$ 776,286	\$ 113,983	\$ 70,948	\$ 971,530

Computation of Legal Debt Margin  
At June 30, 2001

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Total Assessed Value of Real Estate	\$ 523,850,536
Legal Debt Margin:	52,385,054
Less: Existing Bonded Debt Subject to Limitation	<u>0</u>
Legal Margin for Creation of Additional Debt	\$ <u>52,385,054</u>

## Statistical Tables

## ***Town of Warrenton, Virginia***

### **Governmental Expenditures by Function (1) Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Legislative &amp; Policy Direction</b>	<b>General Admini- stration</b>	<b>Counsel &amp; Legal Advice</b>	<b>Financial Admini- stration</b>	<b>Board of Elections and Memberships</b>	<b>Public Safety</b>
1991-92	\$ 63,350	\$ 240,843	\$ 101,595	\$ 208,798	\$ 2,677	\$ 1,327,169
1992-93	66,355	138,143	90,974	230,891	2,061	1,524,283
1993-94	65,171	142,110	157,384	237,624	5,105	1,426,564
1994-95	67,602	142,727	141,084	296,676	2,620	1,504,475
1995-96	77,121	147,974	129,261	286,304	6,516	1,492,504
1996-97	78,103	153,835	130,823	328,702	2,982	1,535,401
1997-98	87,551	160,101	99,832	399,530	3,069	1,599,638
1998-99	102,602	150,440	162,416	337,139	3,423	1,711,155
1999-00	95,578	156,487	159,919	370,636	3,556	1,822,997
2000-01	95,574	160,666	128,508	400,467	3,686	1,938,025

Note: (1) Includes General and Special Revenue funds.

Table 1

	<b>Public Works</b>	<b>Boards and Com- missions</b>	<b>Non- Depart- mental</b>	<b>Debt Service &amp; Capital Outlay Unallocated</b>	<b>Total</b>
\$	1,624,020	\$ 157,035	\$ 56,621	\$ 572,769	\$ 4,354,877
	1,637,932	186,386	89,915	624,026	4,590,966
	1,896,748	238,769	105,085	408,566	4,683,126
	1,977,049	396,326	0	755,997	5,284,556
	1,947,429	399,992	0	839,649	5,326,750
	1,919,503	410,541	0	661,488	5,221,378
	1,946,781	467,308	0	1,309,459	6,073,269
	1,944,714	512,011	0	1,469,562	6,393,462
	2,019,495	652,702	0	1,415,593	6,696,963
	1,988,867	648,885	0	532,835	5,897,513

## ***Town of Warrenton, Virginia***

### **Governmental Revenues by Source (1)**

**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Property Taxes</b>	<b>Other Local Taxes</b>	<b>Permits, Privilege Fees and Regulatory Licenses</b>	<b>Fines and Forfeitures</b>	<b>Revenue from use Money and Property &amp; Charges for Services</b>	<b>From Other Agencies</b>
1991-92	\$ 1,341,764	\$ 2,239,633	\$ 50,141	\$ 45,473	\$ 98,318	\$ 624,250
1992-93	1,428,552	2,367,484	63,204	37,980	44,930	585,576
1993-94	1,427,945	2,376,820	74,890	61,705	57,693	650,663
1994-95	1,468,480	2,708,602	126,713	68,120	123,795	1,014,010
1995-96	1,546,250	2,677,104	87,020	77,591	152,898	767,266
1996-97	2,058,698	3,480,602	91,864	87,144	236,841	1,191,895
1997-98	1,675,689	3,232,114	125,678	110,940	244,565	1,047,433
1998-99	1,643,425	3,482,397	109,343	106,942	302,289	1,169,012
1999-00	1,597,539	3,550,359	134,462	104,505	292,579	1,042,664
2000-01	1,211,312	4,191,058	214,220	73,808	458,405	1,276,329

Note: (1) Includes General and Special Revenue funds



Table 2

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	Miscel- laneous	Recovered Costs & Other Non- Revenue	Total
\$	1,334	\$ 9,615	\$ 4,410,528
	13,803	27,074	4,568,603
	2,452	20,902	4,673,070
	165,598	33,429	5,708,747
	195,286	47,011	5,550,426
	223,144	57,234	7,427,422
	189,521	31,124	6,657,064
	36,698	23,527	6,873,633
	174,071	25,004	6,921,183
	942,784	24,285	8,392,201

## *Town of Warrenton, Virginia*

### General Governmental Tax Revenues by Sources (1) Last Ten Fiscal Years

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<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Utility Tax</b>	<b>Franchise Tax</b>	<b>Meals Tax</b>	<b>Transient Occupancy Tax</b>
1991-92	\$ 1,341,764	\$ 118,129	\$ 477,669	\$ 156,043	\$ 725,431	\$ 69,109
1992-93	1,428,552	111,561	535,840	136,865	702,635	72,356
1993-94	1,427,945	124,213	455,791	165,985	733,627	80,082
1994-95	1,468,480	136,840	551,251	266,227	784,715	84,718
1995-96	1,546,250	147,669	568,906	212,381	769,446	79,554
1996-97	2,058,698	175,642	608,324	400,043	815,876	92,106
1997-98	1,675,689	176,806	614,057	403,473	864,012	101,620
1998-99	1,643,425	206,139	641,291	436,984	952,222	99,342
1999-00	1,597,539	244,592	680,214	424,963	977,125	125,937
2000-01	1,211,312	275,335	912,010	529,008	1,082,000	121,620

Note: (1) Includes General and Special Revenue funds.

Table 3

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<b>Business, Profess'l Occupat'l Licenses</b>	<b>Motor Vehicle Licenses</b>	<b>Motor Vehicle Rental Tax</b>	<b>Cigarette Tax</b>	<b>Total</b>
\$ 439,093	\$ 77,459	\$ 358	\$ 176,343	\$ 3,581,398
549,893	83,752	3,166	171,416	3,796,036
563,721	85,340	5,548	168,061	3,810,313
559,798	88,084	8,375	236,969	4,185,457
568,504	90,540	29,026	240,104	4,252,380
1,070,772	97,406	25,358	220,433	5,564,658
743,466	103,694	40,867	224,986	4,948,670
802,613	110,116	39,295	233,690	5,165,117
750,026	118,153	68,103	229,349	5,216,001
923,169	129,051	66,588	218,865	5,468,958

**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Total (1) Tax Levy</b>	<b>Current Tax (1) Collections</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Percent of Total Tax Collections to Tax Levy</b>
1991-92	\$ 1,368,922	\$ 1,268,220	92.64%	\$ 62,970	\$ 1,331,190	97.24%
1992-93	1,394,270	1,303,570	93.49%	79,732	1,383,302	99.21%
1993-94	1,443,208	1,347,778	93.39%	57,535	1,405,313	97.37%
1994-95	1,473,604	1,374,728	93.29%	61,637	1,436,365	97.47%
1995-96	1,533,164	1,432,519	93.44%	68,104	1,500,623	97.88%
1996-97	2,062,905	1,948,836	94.47%	70,628	2,019,464	97.89%
1997-98	1,618,551	1,560,250	96.40%	67,697	1,627,947	100.58%
1998-99	1,603,661	1,552,848	96.83%	50,932	1,603,780	100.01%
1999-00	1,553,140	1,494,425	96.22%	60,771	1,555,196	100.13%
2000-01	1,470,335	1,403,690	95.47%	45,866	1,449,556	98.59%

Notes: (1) Exclusive of penalties and interest and includes Commonwealth of Virginia PPTRA reimbursement.

**ASSESSED AND ESTIMATED VALUATION OF ALL TAXABLE PROPERTY**  
**Last Ten Fiscal Years**

Fiscal Year	Real Estate (1)	Personal Property	Public Service Corp.		Total	Assessed vs. Fair Market Value
			Real (1)	Personal		
1991-92	\$ 398,462,600	\$ 26,033,471	\$ 14,244,174	\$ 23,370	\$ 438,763,615	100%
1992-93	404,383,428	25,582,556	14,671,101	16,275	444,653,360	100%
1993-94	422,754,700	25,556,541	16,677,073	10,087	464,998,401	100%
1994-95	429,406,316	28,677,807	20,530,723	10,479	478,625,325	100%
1995-96	437,622,062	29,140,469	18,722,797	8,965	485,494,293	100%
1996-97	674,730,150	37,804,216	17,686,167	7,122	730,227,655	100%
1997-98	469,124,500	37,886,291	18,688,957	11,734	525,711,482	100%
1998-99	474,819,450	42,111,093	19,905,293	11,734	536,847,570	100%
1999-00	488,175,500	43,931,350	21,121,628	17,351	553,245,829	100%
2000-01	502,120,502	50,952,693	21,730,034	0	574,803,229	100%

(1) 1997 was the first year the Town utilized semi-annual real estate billings.

Property Tax Rates (1)  
Last Ten Fiscal Years

Fiscal Year	County of Fauquier		County of Fauquier		Town Personal Property & Machinery and Tools	Town Public Service Corp.	
	Real Estate	Town Real Estate	PP & MT			Real	Personal
1991-92	\$ 0.88	\$ 0.18	\$ 4.00		\$ 2.50	\$ 0.18	\$ 2.50
1992-93	0.93	0.18	4.20		2.50	0.18	2.50
1993-94	0.93	0.18	4.20		2.50	0.18	2.50
1994-95	1.03	0.18	4.90		2.50	0.18	2.50
1995-96	1.03	0.18	4.90		2.50	0.18	2.50
1996-97	1.03	0.18	4.90		2.40	0.18	2.40
1997-98	1.06	0.18	4.65		2.25	0.18	2.25
1998-99	1.06	0.14	4.65		2.25	0.14	2.25
1999-00	1.06	0.115	4.65		2.25	0.115	2.25
2000-01	1.06	0.115/.05	4.65		2.25	0.115/.05	2.25

Notes: (1) Rates are based on \$100 per assessed value.

**Ratio of Net General Bonded Debt  
To Assessed Value and Net Bonded Debt Per Capita  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Assessed Value</b>	<b>Gross and Net Bonded Debt (2)</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Net Bonded Debt per Capita</b>
1991-92	4,896	\$ 438,763,615	\$ 0	0.0000	\$ 0
1992-93	4,882	444,653,360	0	0.0000	0
1993-94	5,117	464,998,401	0	0.0000	0
1994-95	5,117	478,625,325	0	0.0000	0
1995-96	5,117	485,494,293	0	0.0000	0
1996-97	5,716	730,227,655	0	0.0000	0
1997-98	6,035	525,711,482	0	0.0000	0
1998-99	6,339	536,847,570	0	0.0000	0
1999-00	6,634	553,245,829	0	0.0000	0
2000-01	6,670	574,803,229	0	0.0000	0

Notes: (1) Town of Warrenton Planning Department  
(2) Includes all long-term general obligation debt

**Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt  
To Total General Governmental Expenditures  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Principal (1,2)</b>	<b>Interest (1,2)</b>	<b>Total Debt Service</b>	<b>Total General Gov't. Expend. (3)</b>	<b>Ratio of Debt Service to General Gov't. Expend.</b>
1991-92	\$ 41,775	\$ 7,028	\$ 48,803	\$ 4,354,877	1.1%
1992-93	45,233	3,570	48,803	4,578,073	1.1%
1993-94	19,934	400	20,334	4,683,126	0.4%
1994-95	31,210	2,283	33,493	5,284,556	0.6%
1995-96	71,868	11,516	83,384	5,326,750	1.6%
1996-97	74,651	8,733	83,384	5,221,378	1.6%
1997-98	41,171	4,656	45,827	6,073,269	0.8%
1998-99	39,256	1,475	40,731	6,393,462	0.6%
1999-00	23,719	1,032	24,751	6,696,963	0.4%
2000-01	48,159	7,804	55,963	5,897,513	0.9%

(1) General obligation bonds reported in the enterprise funds have been excluded. Lease purchase agreements have been included.

(2) Excludes bond issuance and other costs.

(3) Includes general and special revenue funds.



Revenue Bond Coverage - Water and Sewer Bonds  
Last Ten Fiscal Years

Fiscal Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1991-92	\$ 2,270,103	\$ 1,781,742	\$ 488,361	\$ 357,584	\$ 619,283	\$ 976,867	0.50
1992-93	2,532,537	1,713,302	819,235	369,452	370,141	739,593	1.11
1993-94	2,668,431	2,256,227	412,204	470,777	404,676	875,453	0.47
1994-95	2,752,739	1,815,800	936,939	445,000	498,500	943,500	0.99
1995-96	2,774,206	1,801,247	972,959	472,732	375,385	848,117	1.15
1996-97	2,858,907	1,883,751	975,156	483,505	348,826	832,331	1.17
1997-98	2,944,537	1,811,984	1,132,553	535,000	314,116	849,116	1.33
1998-99	2,966,545	2,046,230	920,315	540,000	284,100	824,100	1.12
1999-00	3,051,693	2,137,227	914,466	550,000	259,530	809,530	1.13
2000-01	3,124,992	2,310,892	814,100	555,000	230,695	785,695	1.04

(1) Includes all operating revenues.

(2) Includes all operating expenses except depreciation and amortization.

**Computation of Direct and Overlapping Bonded Debt  
At June 30, 2001**

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Direct:				
Town of Warrenton (1)	\$	133,099	100.00%	\$ 133,099
Overlapping:				
County of Fauquier	\$	<u>43,103,227</u>	5.41%	\$ <u>2,446,005</u>
Total	\$	<u><u>43,236,326</u></u>		\$ <u><u>2,579,104</u></u>

(1) Including lease purchase agreements but excluding general obligation bonds reported in the enterprise fund.

**Property Value, Construction and Bank Deposits  
Last Ten Fiscal Years**

Fiscal Year	Property Value*			Residential Construction (1)		Commercial Construction (1)		Bank Deposits (2) *
	Commercial	Residential	Total	Number of units	Value	Number of units	Value	
1991-92	\$ 149,161	\$ 289,603	\$ 438,764	58	\$ 1,064	25	\$ 379	\$ 420,183
1992-93	147,773	247,316	395,089	29	1,215	3	657	338,054
1993-94	248,121	545,270	793,391	145	18,453	93	11,093	451,854
1994-95	325,730	635,000	960,730	124	15,171	2	12,316	399,015
1995-96	778,573	222,583	1,001,156	18	164,341	4	498,500	402,602
1996-97	4,710,905	6,102,168	10,813,073	61	4,746,700	3	1,492,825	402,745
1997-98	3,101,240	7,249,493	10,350,733	70	6,530,225	3	589,630	510,985
1998-99	16,577,531	8,610,512	25,188,043	85	7,914,000	5	11,633,540	543,747
1999-00	5,519,499	11,853,634	17,373,133	105	10,395,450	5	721,000	602,956
2000-01	6,569,232	18,615,393	25,184,625	147	16,091,650	3	2,279,688	635,929

\* Amounts expressed in thousands

(1) Source: Town of Warrenton Planning Department

(2) Source: Financial Institutions Data Exchange

**Demographic Statistics**

**At June 30, 2001**

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Population (1)	6,670
Unemployment Rate (County of Fauquier, Virginia) (2)	1.30%
Number School Age Children (3)	1,051
Per Capita Personal Income (4)	25,201
Median Age (4)	38.1

(1) 2000 Census

(2) Virginia Employment Commission

(3) Fauquier County

(4) 2000 Census

**Principal Taxpayers**  
**At June 30, 2001**

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			<b>Assessed Valuation</b>	<b>% of Total Assessed Valuation</b>
Jefferson Associates	Shopping Center	\$	23,107,100	4.50%
Bell Atlantic-Virginia Inc.	Utility		12,682,890	2.52%
Warrenton Development Company	Developer		9,613,500	1.91%
Troy CMBS Property, LLC	Shopping Center		6,590,700	1.30%
Highland Commons LP	Developer		6,021,000	1.19%
Dominion Virginia Power	Utility		5,701,116	1.13%
Warrenton Town Centre Assoc.	Shopping Center		5,539,900	1.10%
Warrenton Professional Center	Health Care Provider		5,098,600	1.01%
Mildred M. Fletcher	Rental Properties		4,494,200	0.89%
The Fauquier Bank	Financial Institution		4,227,400	0.84%

**Miscellaneous Statistics**

**At June 30, 2001**

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Date of Incorporation	1810
Form of Government	Council/Manger
Number of employees (excluding police and fire):	
Classified	71
Exempt	7
Area in square miles	4.25
Town of Warrenton, Virginia facilities and services:	
Miles of streets	80
Number of street lights	634
Fire Protection:	
Number of stations (volunteer station)	1
Number of paid fire personnel and officers	1
Police Protection:	
Number of stations	1
Number of police personnel and officers	20
Number of patrol units	16
Number of law violations:	
Physical arrests	404
Traffic violations	1,189
Parking violations	1,305
Sewage System:	
Miles of sanitary sewers	55
Miles of storm sewers	11.62
Number of treatment plants	1
Number of service connections	2,770
Daily average treatment in gallons	1,000,000
Maximum daily capacity of plant in gallons	2,500,000
Water System:	
Miles of water mains	73
Number of service connections	3,347
Number of fire hydrants	549
Daily average consumption in gallons	1,100,000
Maximum daily capacity of plant in gallons	2,000,000
Facilities and services not included in reporting entity:	
Education:	
Number of elementary schools	2
Number of secondary schools	3
Number of school age population	1,051
Hospitals:	
Number of hospitals	1
Number of patient beds	121

**Compliance**

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# ROBINSON, FARMER, COX ASSOCIATES

*Certified Public Accountants*

*A Professional Limited Liability company*

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***REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS***

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**TO THE TOWN COUNCIL  
TOWN OF WARRENTON, VIRGINIA**

We have audited the financial statements of the Town of Warrenton, Virginia as of and for the year ended June 30, 2001 and have issued our report thereon dated September 6, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

***Compliance***

As part of obtaining reasonable assurance about whether the Town of Warrenton, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered the Town of Warrenton, Virginia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Town of Warrenton, Virginia in a separate letter dated September 6, 2001.

This report is intended solely for the information and use of the Town Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Robinson, Fawcett, Cox & Associates*

Charlottesville, Virginia  
September 6, 2001